

PENDER COUNTY, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2013

PENDER COUNTY, NORTH CAROLINA
LIST OF PRINCIPAL OFFICERS
June 30, 2013

BOARD OF COUNTY COMMISSIONERS

David Williams, Jr - Chairman
Fred McCoy- Vice-Chairman

Jimmy Tate
Chester Ward
George Brown

COUNTY MANAGER
Mickey Duvall

FINANCE OFFICER
Claiburn "Butch" Watson

PENDER COUNTY, NORTH CAROLINA
TABLE OF CONTENTS
June 30, 2013

	EXHIBIT	PAGE(S)
FINANCIAL SECTION		
Independent Auditors' Report		1-3
Management's Discussion and Analysis		4-12
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	13
Statement of Activities	2	14
Fund Financial Statements:		
Balance Sheet – Governmental Funds with reconciliation to the Statement of Net Position	3	15-16
Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds with reconciliation to Statement of Activities	4	17-18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	5	19
Statement of Net Position – Proprietary Funds	6	20
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	7	21
Statement of Cash Flows – Proprietary Funds	8	22-23
Statement of Fiduciary Net Position – Fiduciary Funds	9	24
Notes to the Financial Statements		25-52
Required Supplemental Financial Data:		
Law Enforcement Officers' Special Separation Allowance Required Supplementary Information - Schedule of Funding Progress	A-1	53
Law Enforcement Officers' Special Separation Allowance Required Supplementary Information – Schedule of Employer Contributions and Notes to the Required Schedules	A-2	54

Other Postemployment Benefits Required Supplementary Information - Schedule of Funding Progress	A-3	55
---	-----	----

Other Postemployment Benefits Required Supplementary Information – Schedule of Employer Contributions and Notes to the Required Schedules	A-4	56
---	-----	----

Combining and Individual Fund Financial Statements and Schedules:

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	B-1	57-58
--	-----	-------

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Revaluation Fund	B-1a	59
--	------	----

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - School Special Revenue Fund	B-2	60
---	-----	----

Nonmajor Governmental Funds:

Combining Balance Sheets – Nonmajor Governmental Funds	C-1	61
--	-----	----

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	C-2	62
---	-----	----

Combining Balance Sheets – Non-Major Special Revenue Funds	C-3	63-64
--	-----	-------

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Special Revenue Funds	C-4	65-66
---	-----	-------

County-Wide Fire Service District Fund:

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	C-5	67
---	-----	----

Rescue Districts Fund:

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	C-6	68
---	-----	----

911 Emergency Telephone Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	C-7	69
Community Development Block Grant Fund		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	C-8	70
Seven Oaks Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	C-9	71
CDBG 2002 Scattered Sites Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	C-10	72
HWY 421 Industrial Park Study Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	C-11	73
CDBG 2004 Concentrated Needs Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	C-12	74
Domestic Violence Grant:		
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	C-13	75
Giant Salvinia Eradication Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	C-14	76
CDBG Scattered Sites:		
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	C-15	77
2005 CHAF #071-0-04 Concentrated Needs Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	C-16	78
HPRP Grant:		
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	C-17	79

Capital Projects Funds:

Combining Balance Sheets	D-1	80
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	D-2	81
School Capital Project Fund - Capital Projects Fund		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	D-3	82
Vehicle Replacement Fund – Capital Projects Fund		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	D-4	83
Capital Improvements Fund – Capital Projects Fund		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	D-5	84
Capital Facilities Reserve Fund – Capital Projects Fund		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	D-6	85

Proprietary Funds:

Combining Balance Sheets	E-1	86
Combining Statement of Revenues, Expenses and Changes in Retained Earnings (Deficit)	E-2	87
Resource Recovery Operating Fund – Enterprise Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non - GAAP)	E-3	88
Rocky Point / Topsail Water & Sewer Fund – Enterprise Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - (Non - GAAP)	E-4	89
Rocky Point Water Fund – Phase III – Enterprise Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - (Non - GAAP)	E-4a	90
Rocky Point Water Fund – Phase IV -- Enterprise Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - (Non – GAAP)	E-4b	91

Rocky Point Water Fund – Phase V -- Enterprise Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - (Non – GAAP)	E-4c	92
Water Treatment Plant Operating Fund – Enterprise Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - (Non – GAAP)	E-5	93
Water Treatment Plant Capital Project – Enterprise		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - (Non – GAAP)	E-5a	94
Maple Hill Water Operating Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non – GAAP)	E-6	95
Maple Hill Sewer Project:		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non – GAAP)	E-6a	96
St Helena Wastewater Project - Enterprise		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non – GAAP)	E-6b	97
Sewer Operating Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non – GAAP)	E-7	98
Water / Wastewater Capacity Fees – Enterprise Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - (Non – GAAP)	E-7a	99
Section 8 Administration – Enterprise Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non - GAAP)	E-8	100
Country Court Apartments – Enterprise Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - (Non - GAAP)	E-9	101
Scott’s Hill Water & Sewer Operating Fund – Enterprise Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - (Non – GAAP)	E-10	102

Scott's Hill Water & Sewer Capital Project – Enterprise		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - (Non – GAAP)	E-10a	103
Waste Water Treatment Plant Operating Fund – Enterprise Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - (Non – GAAP)	E-11	104
Waste Water Treatment Plant Capital Project – Enterprise		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - (Non – GAAP)	E-11a	105
Self Insured Internal Service Fund		
Schedule of Revenues and Expenditures – Financial Plan and Actual (Non-GAAP)	E-12	106
Agency Funds:		
Comparative Balance Sheets	F-1	107
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds	F-2	108
Other Schedules		
Schedule of Ad Valorem Taxes Receivable	G-1	109
Analysis of Current Tax Levy County-Wide	G-2, G-2A	110-111
Ten Largest Taxpayers	G-3	112

COMPLIANCE SECTION

Report On Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <u>Government Auditing Standards</u>		113-114
Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 and the State Single Audit Implementation Act		115-116
Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance With Applicable Sections OMB Circular A-133 and the State Single Audit Implementation Act		117-118
Schedule of Findings and Questioned Costs	H-1	119-121
Corrective Action Plan		122
Summary Schedule of Prior Year Audit Findings	H-2	123
Schedule of Expenditures of Federal and State Awards	H-3	124-129

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Pender County
Burgaw, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Pender County, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise Pender County basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements bases on our audit. We did not audit the financial statements of Pender County ABC Board. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pender County ABC Board, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Pender County ABC Board were not audited in accordance with *Governmental Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA Division of Firms

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based upon our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presents component units, each major fund, and the aggregate remaining fund information Pender County, North Carolina as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and the other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions on pages 4 through 12 and 53 through 56, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Pender County, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Implementation Act* are presented for purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2014 on our consideration of Pender County internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pender County's internal control over financial reporting and compliance.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
July 18, 2014

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Pender County, we offer readers of Pender County's financial statements this narrative overview and analysis of the financial activities of Pender County for the fiscal year ended June 30, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

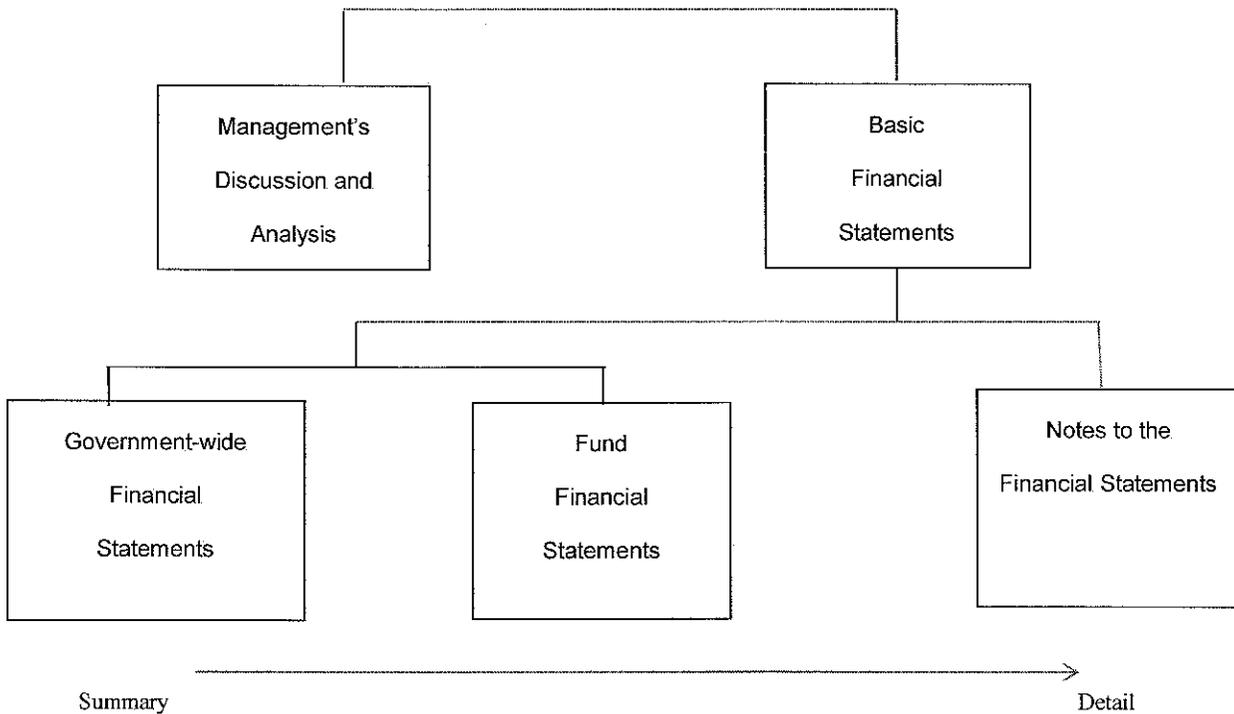
- The assets and deferred outflows of resources of Pender County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$34,696,690 (net position).
- The government's total net position increased by \$3,829,979 during the fiscal year. This included a deficit of \$918,986 from governmental sources, and business-type funds produced an increase of \$4,748,965.
- As of the close of the current fiscal year, Pender County's governmental funds reported combined ending fund balances of \$34,882,073, a decrease of \$2,934,972 in comparison with the prior year. Approximately 33.05% of this total amount, or \$11,527,041, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,831,255, or 22.85% of total general fund expenditures for the fiscal year.
- Pender County's total debt increased \$17,591,490 (15.91%) during the current fiscal year. The key factor of this increase was the issuance of limited obligation bonds during the current year.
- Pender County received maintained its credit rating by Standard and Poors of AA- and maintained its Aa2 rating from Moody's Investors. In addition, the North Carolina Municipal Council upgraded the County's rating from 82 to 83, which is an equivalent to an A rating.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Pender County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Pender County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension plans.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the total of the County's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and landfill services offered by Pender County. The final category is the component units. Although legally separate from the County, the ABC Board is important to the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Pender County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Pender County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Pender County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – Pender County has one kind of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Pender County uses enterprise funds to account for its water and sewer activity and for its landfill operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Pender County has seven fiduciary funds, all of which are agency funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start after Exhibit 9.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Pender County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning at Exhibit A-1, directly after the notes.

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$34,696,690 as of June 30, 2013. The County's net position increased by \$3,829,978 for the fiscal year ended June 30, 2013. Net position is reported in three categories: net investment in capital assets, \$60,260,062, restricted net position of \$16,484,175, and unrestricted net position (deficit) of (\$42,047,547).

The invested in capital assets, net of related debt, category is defined as the County's investment in County owned capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Pender County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Pender County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Another category of net position is restricted net position. This represents resources that are subject to external restrictions on how they may be used.

The final category of net position is unrestricted net position. This balance may be used to meet the government's ongoing obligations to citizens and creditors. Unrestricted net position (deficit) totaled (\$42,047,547) at June 30, 2013. This deficit is a result of the situation described in the following paragraph.

Under North Carolina law, the County is responsible for providing capital funding for the schools. The County has chosen to meet its obligation to provide the schools capital funding by using a mixture of County funds and general obligation debt. The assets funded by the County, however, are owned and utilized by the schools. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$56.7 million of the outstanding debt on the County's financial statements was related to assets included in the public schools financial statements.

However, since the majority of this schools related debt is general obligation debt, it is collateralized by the full faith, credit, and taxing power of the County. Accordingly, the County is authorized and required by State law to levy ad valorem taxes, without limit as to rate and amount, as may be necessary to pay the debt service on its general obligation bonds.

Pender County's Net Position
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 41,021,956	\$ 44,271,071	\$ 21,972,238	\$ (45,881)	\$ 62,994,194	\$ 44,225,190
Capital assets	30,921,823	30,835,020	75,974,211	72,187,184	106,896,034	103,022,204
Total assets	\$ 71,943,779	\$ 75,106,091	\$ 97,946,449	\$ 72,141,303	\$ 169,890,228	\$ 147,247,394
Total deferred outflows of resources	\$ 3,480,143	\$ 3,763,189	\$ 358,606	\$ -	\$ 3,838,749	\$ 3,763,189
Long-term liabilities	\$ 61,336,523	\$ 61,645,360	\$ 67,529,004	\$ 23,918,884	\$ 128,865,527	\$ 85,564,244
Other liabilities	8,601,142	10,804,042	1,565,618	23,744,925	10,166,760	34,548,967
Total liabilities	\$ 69,937,665	\$ 72,449,402	\$ 69,094,622	\$ 47,663,809	\$ 139,032,287	\$ 120,113,211
Total deferred inflows of resources	\$ -	\$ -	\$ -	\$ 16,025	\$ -	\$ 16,025
Net Position						
Net investment in capital assets	\$ 28,056,814	\$ 27,387,457	\$ 32,203,248	\$ 28,768,857	\$ 60,260,062	\$ 56,156,314
Restricted	16,317,743	17,944,800	166,432	-	16,484,175	17,944,800
Unrestricted	(38,888,300)	(38,912,379)	(3,159,247)	(4,307,388)	(42,047,547)	(43,219,767)
Total Net Position	\$ 5,486,257	\$ 6,419,878	\$ 29,210,433	\$ 24,461,469	\$ 34,696,690	\$ 30,881,347

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Several particular aspects of the County's financial operations influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 96.50%, which is a slight increase over the previous year's rate of 95.45%. This rate is consistent with the statewide average of 96.41%.
- Increased charges for services revenue due to increased use and consumption by customers and citizens.
- Continued low cost of debt due to the County's high bond rating.

Pender County Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 1,618,140	\$ 1,647,487	\$ 8,838,841	\$ 7,750,909	\$ 10,456,981	\$ 9,398,396
Operating grants and contributions	9,266,557	8,849,865	1,497,857	1,770,647	10,764,414	10,620,512
Capital grants and contributions	-	-	4,536,699	6,676,286	4,536,699	6,676,286
General revenues:						
Property taxes	32,410,796	33,411,644	-	-	32,410,796	33,411,644
Other taxes	15,208,745	13,752,525	-	-	15,208,745	13,752,525
Grants and contributions not restricted to specific programs	398,986	668,981	-	-	398,986	668,981
Other	115,035	285,407	653,890	49,690	768,925	335,097
Total revenues	59,018,259	58,615,909	15,527,287	16,247,532	74,545,546	74,863,441
Expenses:						
General government	7,356,097	6,426,412	-	-	7,356,097	6,426,412
Public safety	16,020,172	15,051,305	-	-	16,020,172	15,051,305
Economic and physical development	2,528,245	2,391,784	-	-	2,528,245	2,391,784
Human services	15,279,816	13,759,437	-	-	15,279,816	13,759,437
Cultural and recreation	1,226,120	1,183,591	-	-	1,226,120	1,183,591
Education	15,419,585	15,382,020	-	-	15,419,585	15,382,020
Interest on long-term debt	2,107,210	2,199,698	-	-	2,107,210	2,199,698
Landfill	-	-	4,579,163	4,380,195	4,579,163	4,380,195
Water and sewer	-	-	4,895,457	3,501,437	4,895,457	3,501,437
Section 8 Housing	-	-	1,248,694	1,246,243	1,248,694	1,246,243
Country Court	-	-	55,009	51,255	55,009	51,255
Total expenses	59,937,245	56,394,247	10,778,323	9,179,130	70,715,568	65,573,377
Increase (decrease) in net position	(918,986)	2,221,662	4,748,964	7,068,402	3,829,978	9,290,064
Net position, beginning	6,419,878	4,198,216	24,461,469	17,393,067	30,881,347	21,591,283
Prior Period Adjustment	(14,635)	-	-	-	(14,635)	-
Net position, beginning, restated	6,405,243	4,198,216	24,461,469	17,393,067	30,866,712	21,591,283
Net position, ending	\$ 5,486,257	\$ 6,419,878	\$ 29,210,433	\$ 24,461,469	\$ 34,696,690	\$ 30,881,347

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities. Governmental activities decreased the County's net position by \$918,986, thereby resulting in a decline in the net position of Pender County. Key elements of this decrease are as follows:

- Overall increases in operating expenditures when compared to the prior year.

Business-type activities: Business-type activities increased Pender County's net position by \$4,748,964, thereby accounting for 100% of the total increase in net position of Pender County. Key elements of this increase are as follows:

- Slight increases in charges for services.

Financial Analysis of the County's Funds

As noted earlier, Pender County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Pender County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Pender County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Pender County. At the end of the current fiscal year, Pender County's unassigned fund balance in the General Fund was \$11,851,521, while total fund balance reached \$29,248,507. The Governing Board of Pender County has determined that the county should maintain an available fund balance of 20% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an unassigned fund balance of 22.89% of general fund expenditures, while total fund balance represents 55.47% of that same amount.

At June 30, 2013, the governmental funds of Pender County reported a combined fund balance of \$34,882,073, a 7.76 percent decrease from last year. The primary reason for this decrease was construction related to schools and other construction projects.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$750,172.

Proprietary Funds. Pender County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Resource Recovery Fund at the end of the fiscal year was a deficit of \$98,062, those for the Water and Sewer Funds totaled a deficit of \$3,123,868, those for the Section 8 Administration Fund equaled \$31,419, and those for the Country Court Apartments equaled \$31,264. The total growth (decline) in net position for those funds was (\$157,910), \$4,990,664, (\$12,256), and (\$71,533), respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of Pender County's business-type activities.

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration

Capital assets. Pender County's capital assets for its governmental and business-type activities as of June 30, 2013, totals \$106,896,034 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

- Purchase of new equipment and vehicles for governmental activities.
- Continued improvement and expansion of ongoing projects.
- Construction of water and wastewater infrastructure.

**Pender County's Capital Assets
(net of depreciation)
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 10,276,114	\$ 10,276,114	\$ 415,193	\$ 415,193	\$ 10,691,307	\$ 10,691,307
Buildings	10,596,871	10,913,402	11,706,900	12,270,582	22,303,771	23,183,984
Furniture, fixtures and equipment	2,082,036	1,709,857	242,118	203,005	2,324,154	1,912,862
Other	400,229	390,773	1,955	3,013	402,184	393,786
Construction in Progress	7,566,573	7,544,874	63,608,045	59,295,391	71,174,618	66,840,265
Total	\$ 30,921,823	\$ 30,835,020	\$ 75,974,211	\$ 72,187,184	\$ 106,896,034	\$ 103,022,204

Long-term Debt. As of June 30, 2013, Pender County had total bonded debt outstanding of \$119,610,000, all of which is debt backed by the full faith and credit of the County.

**Pender County's Outstanding Debt
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ 53,785,000	\$ 58,050,000	\$ 39,185,000	\$ 23,462,000	\$ 92,970,000	\$ 81,512,000
Limited Obligation Bonds	-	-	21,685,000	-	21,685,000	-
Bond Anticipation Notes	-	-	-	22,455,000	-	22,455,000
Revenue Bonds	-	-	4,955,000	-	4,955,000	-
Capital Leases	946,695	-	-	-	946,695	-
Installment Purchases	2,294,082	2,700,359	529,747	626,790	2,823,829	3,327,149
Unamortized Premium	2,998,345	3,245,588	1,752,358	-	4,750,703	3,245,588
Total	\$ 60,024,122	\$ 63,995,947	\$ 68,107,105	\$ 46,543,790	\$ 128,131,227	\$ 110,539,737

Pender County's total debt increased by \$17,591,490 (15.91%) during the past fiscal year, primarily due to issuance of limited obligation bonds in the fiscal year.

As mentioned in the financial highlights section of this document, Pender County received maintained its credit rating by Standard and Poor's of AA- and maintained its Aa2 rating from Moody's Investors. In addition, the North Carolina Municipal Council maintained the County's rating of 83, which is equivalent to an A Rating. This bond rating is a clear indication of the sound financial condition of Pender County. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Pender County is \$450,398,270. The County has \$73,289,000 in bonds authorized but un-issued at June 30, 2013.

Additional information regarding Pender County's long-term debt can be found in the notes to the financial statements under Section B.

Economic Factors and Next Year's Budgets and Rates

Economic Outlook

Pender County has been one of the fastest growing counties in North Carolina during the last decade, however, growth in population and other indicators have slowed considerably. The 2011 census population estimate is 53,611, up 3% from the 2010 population of 52,217. Commercial and residential building permits issued have risen from 542 for the 2010 calendar year to 551 for the 2011 calendar year. Tax base growth has been stagnant the last three years. The County's unemployment rate has decreased slightly from 11.4% in 2009 to 11.2% as of June 2012. The County's poverty rate still hovers above 10%, and Pender County wages still fall short of the Wilmington MSA and State averages. Ironically, in 2009 the NC Department of Commerce designated Pender County as a Tier 3 County, one of 20th most wealthy counties in the State. This designation results from the high population growth in the middle of the decade and the assessed value of Topsail Township, and certainly is not indicative of the true county-wide economic picture.

The distressed economy is not unique to Pender County but is common to all counties in the state and nation. The negative impact on the county's budget and its ability to provide services has been significant, while at the same time the demand for services for many county functions (such as public health and social services) increases during economically challenging times.

Despite the short term impacts of a distressed economy, the long-term economic outlook for Pender County is positive. The Board has committed to making investments and policy decisions to put the County in an enviable position to accommodate and attract new growth and development in the future. Developing industrial product to market, expanding water and sewer utilities, putting into place new land use plans and regulations, and taking a positive approach to business and industry development are proactive measures the Board has initiated in the past few years. These efforts combined with the County's assets including major highways, skilled labor force, access to airport and sea port facilities, and lower cost land, put the County in an enviable position for when the economy gets back on track.

Thus in summary, while the current economic climate is presenting challenges to Pender County, the Board is doing all the right things to position itself properly for attracting and managing new growth and development that will surely present itself in the coming decade.

Encouraging Business and Industry Development

A vital element for the economic viability of Pender County long term is success with economic development. In simple terms, economic development is the creation of wealth in a county through the creation of jobs and investment. Central to creating jobs and investment is creating a climate that is attractive to new business and industry, and for the expansion of existing industry. The county's proximity to major transportation corridors, the Wilmington port, the airport, and the Wilmington metropolitan area is a major asset for economic development. The Commissioners have been committed to creating industrial product to attract industrial clients, evidenced by the purchase of over 750 acres of industrial land in the recent years on the US 421 corridor near the New Hanover County line. This industrial site is named Pender Commerce Park and is shovel-ready for development.

The County, together with Pender Progress Corporation, Four County EMC, Wilmington Industrial Business Development and the Town of Burgaw constructed an industrial shell building in Pender Progress Industrial Park in Burgaw. This 40,000 square foot building is expandable to 80,000 square feet, and is currently being marketed.

Sixty percent of the county's workforce commutes out of the county to work, and we have to reverse that ratio. Economic development is a process, and the County Commissioners will continue to devote time, effort and resources along with its economic development partners to attract and recruit industrial development, jobs and investment into Pender County.

Strategies for the next two years include evaluating opportunities for creating business and tourism development incentives, securing and preparing additional sites for industrial development and facilitating development of additional shell building product.

PENDER COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Budget Highlights for the Fiscal Year Ending June 30, 2014

Governmental Activities: The County Commissioners approved a \$51,559,963 General Fund Budget on June 17, 2013, which was included within a total budget ordinance of \$84,436,950, adopted on the same date.

The FY 13-14 General Fund Budget increased about 1.85% as compared to the FY 12-13 Adopted Budget. There was a combination of increases and decreases over last year's budget that resulted in a net increase of \$2,594,286 over FY 12-13 budget.

The FY 13-14 General Fund Budget of \$50,621,312 is in balance with a tax rate of \$.512 per 100 of assessed valuation. The County-wide tax rate remained the same as last year's tax rate. Other funds are also in balance. The appropriation from the Fund Balance of the General Fund is \$3,847,449.

Business-type Activities: Expanding water and sewer infrastructure has been a priority for many years; however, the availability of water and sewer capacity has been a limiting factor. To remedy this, the County is undertaking numerous infrastructure related projects.

After years of planning, construction on a new 6 mgd water treatment plant and 13 mile transmission line is underway in the new Pender Commerce Park on US 421. The total cost of the project is \$33 million. The plant will be operational by the fall of 2012. The plant is designed to upgrade to 6 mgd with little additional investment. An agreement with the Cape Fear Public Utility Authority was approved this past year for construction of a future wastewater plant in Pender Commerce Park that will eventually serve the US 421 industrial corridor.

Plans for constructing a parallel water line from Rocky Point to the US 17 corridor are also underway. The estimated \$13 million project will be funded by a USDA Rural Development loan, and will deliver water from the new water plant across the county. A parallel water line from Wallace to Rocky Point has been completed at a cost of approximately \$1 million. The project to construct a major wastewater transmission line between Burgaw and Wallace has been completed, and will open up the US 117 corridor between the two towns for development now that both water and wastewater will be available. The County contributed \$2 million to this \$7.5 million project. The County is also in the process of evaluating how to most efficiently expand water availability to the Moore's Creek, Central and Columbia-Union water and sewer districts. An expansion feasibility report is underway, and more detailed planning will continue thereafter.

The County has been working diligently to finalize plans and permits for a wastewater system to serve the Maple Hill community. \$4.2 million in grant funds were secured for this project, and construction is scheduled for completion in September 2012.

In order to assure the financial sustainability of the water and sewer utility system, the County conducted a multi-year financial and rate analysis within the past year. This analysis provides the Board and citizens with a specific financial plan for the coming five years. Pender County faces about \$500 million in water and sewer needs over the next 20 years, and county leaders are well on the way in addressing those needs with nearly 15 projects underway.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Pender County, 805 S Walker St, PO Box 1578, Burgaw, North Carolina 28425. You can also call (910) 259-1282, visit our website www.pendercountync.gov or send an email to cwatson@pendercountync.gov.

BASIC FINANCIAL STATEMENTS

Pender County, North Carolina
Statement of Net Position
June 30, 2013

	Primary Government			Component Unit	Total Reporting Unit
	Governmental Activities	Business-type Activities	Total	Pender County ABC Board	
ASSETS					
Cash and cash equivalents	\$ 27,292,136	\$ 1,173,060	\$ 28,465,196	\$ 600,137	\$ 29,065,333
Receivables (net)	5,902,136	933,452	6,835,588	166	6,835,754
Internal Balances	4,470,418	(4,470,418)	-	-	-
Inventories	-	-	-	570,383	570,383
Prepaid items	-	-	-	14,487	14,487
Restricted cash and cash equivalents	3,357,266	2,651,144	6,008,410	-	6,008,410
Current portion of investments	-	360,000	360,000	-	360,000
Capital assets:					
Land, improvements, and construction in progress	17,842,687	63,956,468	81,799,155	6,500	81,805,655
Other capital assets, net of depreciation	13,079,136	12,017,743	25,096,879	74,935	25,171,814
Investment in water distribution bonds	-	21,325,000	21,325,000	-	21,325,000
Total assets	<u>71,943,779</u>	<u>97,946,449</u>	<u>169,890,228</u>	<u>1,266,608</u>	<u>171,156,836</u>
DEFERRED OUTFLOWS OF RESOURCES					
Charge on refunding	3,480,143	358,606	3,838,749	-	3,838,749
Total deferred outflows of resources	<u>3,480,143</u>	<u>358,606</u>	<u>3,838,749</u>	<u>-</u>	<u>3,838,749</u>
LIABILITIES					
Accounts payable and accrued expenses	2,572,135	482,468	3,054,603	494,028	3,548,631
Accrued interest payable	618,801	112,349	731,150	-	731,150
Customer deposits	-	50,005	50,005	-	50,005
Unearned revenue	28,000	43,421	71,421	-	71,421
Long-term liabilities:					
Due within one year	5,382,206	877,375	6,259,581	-	6,259,581
Due in more than one year	61,336,523	67,529,004	128,865,527	-	128,865,527
Total liabilities	<u>69,937,665</u>	<u>69,094,622</u>	<u>139,032,287</u>	<u>494,028</u>	<u>139,526,315</u>
NET POSITION					
Net investment in capital assets	28,056,814	32,203,248	60,260,062	81,435	60,341,497
Restricted					
Stabilization by State statute	12,004,901	-	12,004,901	-	12,004,901
Economic Development	-	-	-	-	-
Health Department Escrow	709,524	-	709,524	-	709,524
Sheriff's Seizures	290,325	-	290,325	-	290,325
Public Safety	268,929	-	268,929	-	268,929
School Capital Projects	3,044,064	-	3,044,064	-	3,044,064
Working Capital	-	-	-	145,665	145,665
Section 8 Housing	-	166,432	166,432	-	166,432
Unrestricted (deficit)	<u>(38,888,300)</u>	<u>(3,159,247)</u>	<u>(42,047,547)</u>	<u>545,480</u>	<u>(41,502,067)</u>
Total net position	<u>\$ 5,486,257</u>	<u>\$ 29,210,433</u>	<u>\$ 34,696,690</u>	<u>\$ 772,580</u>	<u>\$ 35,469,270</u>

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Position					
	Primary Government						Primary Government					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Pender County ABC Board	Total Reporting Unit			
Primary government:												
Governmental activities:												
General government	\$ 7,356,097	\$ 475,739	\$ -	\$ -	\$ (6,880,358)	\$ -	\$ (6,880,358)	\$ -	\$ (6,880,358)			
Public safety	16,020,172	877,587	605,320	(14,537,265)	(14,537,265)	-	(14,537,265)	-	(14,537,265)			
Economic and physical development	2,528,245	49,266	668,051	(1,810,928)	(1,810,928)	-	(1,810,928)	-	(1,810,928)			
Human services	15,279,816	162,798	7,892,951	(7,224,067)	(7,224,067)	-	(7,224,067)	-	(7,224,067)			
Cultural and recreation	1,226,120	52,750	100,235	(1,073,135)	(1,073,135)	-	(1,073,135)	-	(1,073,135)			
Education	15,419,585	-	-	(15,419,585)	(15,419,585)	-	(15,419,585)	-	(15,419,585)			
Interest on long-term debt	2,107,210	-	-	(2,107,210)	(2,107,210)	-	(2,107,210)	-	(2,107,210)			
Total governmental activities	59,937,245	1,618,140	9,266,557	(49,052,548)	(49,052,548)	-	(49,052,548)	-	(49,052,548)			
Business-type activities:												
Maple Hill Water Fund	215,357	173,418	-	1,474,727	-	1,432,788	1,432,788	-	1,432,788			
Sewer Fund	18,803	803,640	-	-	-	784,837	784,837	-	784,837			
Resource Recovery Fund	4,579,163	4,026,199	395,054	-	(157,910)	(157,910)	(157,910)	-	(157,910)			
Section 8 Housing	1,248,694	-	1,102,803	-	(145,891)	(145,891)	(145,891)	-	(145,891)			
Country Court Apartments	55,009	42,697	-	-	(12,312)	(12,312)	(12,312)	-	(12,312)			
Rocky Point Water & Sewer Fund	2,965,490	3,136,924	-	-	171,434	171,434	171,434	-	171,434			
Scott's Hill Water & Sewer Water Treatment Plant	183,077	240,750	-	-	-	57,673	57,673	-	57,673			
Waste Water Treatment Plant	635,527	415,213	-	3,061,972	-	2,841,658	2,841,658	-	2,841,658			
Water Fund	574,782	-	-	-	(574,782)	(574,782)	(574,782)	-	(574,782)			
Total business-type activities	10,778,323	8,838,841	1,497,857	4,536,699	(49,052,548)	4,095,074	4,095,074	-	4,095,074			
Total primary government	70,715,568	10,456,981	10,764,414	4,536,699	(49,052,548)	4,095,074	(44,957,474)	-	(44,957,474)			
Component units:												
Pender County ABC Board	\$ 4,898,044	\$ 4,921,466	\$ -	\$ -	\$ -	\$ -	\$ -	23,422	23,422			
General revenues:												
Taxes:												
Property taxes, levied for general purpose					32,410,796		32,410,796		32,410,796			
Local option sales tax					7,394,549		7,394,549		7,394,549			
Other taxes and licenses					7,814,196		7,814,196		7,814,196			
Grants and contributions not restricted to specific programs					398,986		398,986		398,986			
Investment earnings, unrestricted					29,721		29,721	452	609,749			
Gain (loss) on retirement of assets					54,609		54,609	200	54,809			
Miscellaneous, unrestricted					30,705		30,705		105,019			
Transfers					48,133,562		48,133,562	652	48,788,104			
Total general revenues, special items, and transfers					(918,986)		4,748,964	24,074	3,854,052			
Change in net position					6,419,878		24,461,469	748,506	31,629,853			
Net position, beginning					(14,635)		(14,635)	-	(14,635)			
Prior Period Adjustment												
Net position, ending					\$ 5,486,257		\$ 29,210,433	\$ 772,580	\$ 35,469,270			

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2013

	<u>Major Funds</u>		<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>School Capital Project Fund</u>	<u>Other Governmental Funds</u>	
ASSETS				
Cash and cash equivalents	\$ 19,037,673	\$ -	\$ 2,833,664	\$ 21,871,337
Receivables, net	1,895,605	-	430,100	2,325,705
Advance funding of projects	5,146,362	-	-	5,146,362
Due from other governments	2,384,866	700,295	266,311	3,351,472
Due from other funds	4,470,418	-	-	4,470,418
Restricted Cash	259,251	-	3,098,015	3,357,266
Total assets	<u>\$ 33,194,175</u>	<u>\$ 700,295</u>	<u>\$ 6,628,090</u>	<u>\$ 40,522,560</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,025,318	\$ 134,815	\$ 149,969	\$ 2,310,102
Advance funding of projects	-	565,480	436,670	1,002,150
Unearned revenue	28,000	-	-	28,000
Total liabilities	<u>2,053,318</u>	<u>700,295</u>	<u>586,639</u>	<u>3,340,252</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,892,350</u>	<u>-</u>	<u>407,885</u>	<u>2,300,235</u>
Fund balances:				
Restricted:				
Stabilization by State statute	12,004,901	-	-	12,004,901
Economic Development	-	-	-	-
Health Department Escrow	709,524	-	-	709,524
Sheriff's Seizures	290,325	-	-	290,325
Public Safety	-	-	268,929	268,929
School Capital Projects	-	-	3,044,064	3,044,064
Committed:				
Tax Revaluation	259,251	-	-	259,251
Automation Enhancement and Preservation	285,536	-	-	285,536
Capital Outlay and Improvements	-	-	2,624,787	2,624,787
Assigned:				
Subsequent Year's expenditures	3,847,449	-	-	3,847,449
Unassigned:	11,851,521	-	(304,214)	11,547,307
Total fund balances	<u>29,248,507</u>	<u>-</u>	<u>5,633,566</u>	<u>34,882,073</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 33,194,175</u>	<u>\$ 700,295</u>	<u>\$ 6,628,090</u>	<u>\$ 40,522,560</u>

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
Year Ended June 30, 2013

Amounts reported for governmental activities in the statement of net position are different because:

Ending fund balance - governmental funds	\$	34,882,073
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		47,921,611
Less accumulated depreciation		(16,999,788)
Net capital assets		<u>30,921,823</u>
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements		224,959
Deferred charges related to advance refunding bond issued - included on government-wide statement of net position but are not current financial resources		3,480,143
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.		1,014,554
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide.		2,300,235
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:		
Bonds, leases, and installment financing		(56,079,082)
Capital Leases		(946,695)
Compensated absences		(1,470,368)
Separation allowance		(491,159)
Other Postemployment Benefits		(4,733,080)
Unamortized Bond Premium		(2,998,345)
Accrued interest payable		(618,801)
		<u>(67,337,530)</u>
Net position of governmental activities	\$	<u><u>5,486,257</u></u>

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2013

	<u>Major Fund</u>		<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>School Capital Project Fund</u>	<u>Other Governmental Funds</u>	
REVENUES				
Ad valorem taxes	\$ 33,018,776	\$ -	\$ 7,044,206	\$ 40,062,982
Other taxes and licenses	247,569	2,537,948	-	2,785,517
Unrestricted intergovernmental	5,536,365	-	241,643	5,778,008
Restricted intergovernmental	8,840,009	-	525,591	9,365,600
Permits and fees	1,212,927	-	-	1,212,927
Sales and services	302,167	-	-	302,167
Investment earnings	28,638	-	1,083	29,721
Miscellaneous	94,602	-	-	94,602
Total revenues	<u>49,281,053</u>	<u>2,537,948</u>	<u>7,812,523</u>	<u>59,631,524</u>
EXPENDITURES				
Current:				
General government	6,482,864	-	-	6,482,864
Public safety	8,295,458	-	7,137,984	15,433,442
Economic and physical development	1,990,642	-	445,875	2,436,517
Human services	14,720,601	-	-	14,720,601
Cultural and recreational	1,197,109	-	-	1,197,109
Education	13,465,588	1,301,316	582,490	15,349,394
Capital outlay	-	-	1,217,841	1,217,841
Debt service:				
Principal	80,000	4,265,000	-	4,345,000
Interest and other charges	9,720	1,945,702	-	1,955,422
Total expenditures	<u>46,241,982</u>	<u>7,512,018</u>	<u>9,384,190</u>	<u>63,138,190</u>
Excess (deficiency) of revenues over expenditures	<u>3,039,071</u>	<u>(4,974,070)</u>	<u>(1,571,667)</u>	<u>(3,506,666)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	5,403	5,801,402	308,903	6,115,708
Transfers to other funds	(6,490,709)	-	-	(6,490,709)
Lease Proceeds	946,695	-	-	946,695
Reserve for Arbitrage	-	-	-	-
Total other financing sources and uses	<u>(5,538,611)</u>	<u>5,801,402</u>	<u>308,903</u>	<u>571,694</u>
Net change in fund balance	(2,499,540)	827,332	(1,262,764)	(2,934,972)
Fund balances-beginning	<u>31,748,047</u>	<u>(827,332)</u>	<u>6,910,965</u>	<u>37,831,680</u>
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>(14,635)</u>	<u>(14,635)</u>
Fund balances-ending	<u>\$ 29,248,507</u>	<u>\$ -</u>	<u>\$ 5,633,566</u>	<u>\$ 34,882,073</u>

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2013

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental funds	\$ (2,934,972)
Capital Outlay Expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	1,459,263
Cost of disposed capital asset not recorded in fund statements	(5,284)
Depreciation Expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(1,367,176)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities -- it affects only the government-wide statement of net position.	(946,695)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.	4,671,277
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	(115,985)
Amortization of deferred charges resulted in an increase to interest expense of \$283,046, while amortization of bond premiums of \$247,243 resulted in a decrease to interest expense.	(35,803)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(54,627)
Increase in Separation Allowance	(57,615)
Expenses for Other Postemployment Benefits are recorded on the government-wide statements but not recorded on the fund statements.	(801,981)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Increase (decrease) in deferred inflows of resources - taxes receivable - at end of year	(552,049)
Increase (decrease) in accrued taxes receivable at end of year	(55,931)
Net Revenue of Internal service funds determined to be governmental-type.	<u>(121,408)</u>
Change in net position of governmental activities	\$ <u>(918,986)</u>

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2013

	General Fund			Variance With Final Positive Negative
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 32,243,274	\$ 32,243,274	\$ 33,018,776	\$ 775,502
Other taxes and licenses	210,000	210,000	247,569	37,569
Unrestricted intergovernmental	5,197,115	5,197,115	5,536,365	339,250
Restricted intergovernmental	8,151,678	8,897,850	8,840,009	(57,841)
Permits and fees	638,600	689,800	1,212,927	523,127
Sales and services	406,663	355,463	302,167	(53,296)
Investment earnings	25,000	25,000	28,638	3,638
Miscellaneous	16,000	20,000	94,602	74,602
Total revenues	<u>46,888,330</u>	<u>47,638,502</u>	<u>49,281,053</u>	<u>1,642,551</u>
Expenditures				
Current:				
General government	7,094,140	7,014,345	6,482,864	531,481
Public safety	7,274,045	7,441,673	8,295,458	(853,785)
Economic and physical development	1,902,628	1,922,628	1,990,642	(68,014)
Human services	14,387,617	15,069,021	14,720,601	348,420
Cultural and recreational	1,286,075	1,327,177	1,197,109	130,068
Intergovernmental:				
Education	13,356,835	13,362,556	13,465,588	(103,032)
Debt service:				
Principal retirement	80,000	80,000	80,000	-
Interest and other charges	22,825	22,825	9,720	13,105
Total expenditures	<u>45,404,165</u>	<u>46,240,225</u>	<u>46,241,982</u>	<u>(1,757)</u>
Revenues over (under) expenditures	<u>1,484,165</u>	<u>1,398,277</u>	<u>3,039,071</u>	<u>1,640,794</u>
Other financing sources (uses):				
Lease purchase proceeds	-	-	946,695	946,695
Transfers to other funds	(5,283,695)	(5,283,695)	(6,615,709)	(1,332,014)
Transfers from other funds	-	-	5,403	5,403
Fund balance appropriated	3,799,530	3,885,418	-	(3,885,418)
Total other financing sources (uses)	<u>(1,484,165)</u>	<u>(1,398,277)</u>	<u>(5,663,611)</u>	<u>(4,265,334)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,624,540)</u>	<u>\$ (2,624,540)</u>
Fund balance, beginning			31,613,796	
Fund balance, ending			<u>\$ 28,989,256</u>	
A legally budgeted Tax Reassessment Fund is consolidated into the General Fund for reporting purposes:				
Investment Earnings			-	
Transfer from General Fund			125,000	
Expenditures			-	
Fund Balance, beginning of year			<u>134,251</u>	
Fund Balance, end of year (Exhibit 4)			<u>\$ 29,248,507</u>	

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2013

	Enterprise Funds											
	Major					Non-Major						
	Resource Recovery Fund	Rocky Point Water Fund	Water Treatment Plant	Water Fund	Maple Hill Water Fund	Sewer Fund	Section 8 Admin. Fund	Country Apartments Fund	Scott's Hill Water & Sewer	Waste Water Treatment Plant	Total	Internal Service Fund
ASSETS												
Current assets:												
Cash and cash equivalents	\$ 100	\$ 2,535,013	\$ -	\$ -	\$ 26,949	\$ 2,249,298	\$ 291,187	\$ 36,694	\$ -	\$ 178,031	\$ 5,317,272	\$ 1,276,587
Receivables, net	395,310	424,127	-	-	27,466	40,434	5,964	2,790	36,744	-	932,835	-
Due from other governments	9	385	164	-	7	-	31	19	2	-	617	-
Due from other funds	-	678,906	-	-	12,568	24,507	-	-	-	-	715,981	-
Restricted cash and cash equivalents	-	531,917	1,292,414	-	-	-	-	-	826,813	-	2,651,144	-
Current portion of investments	-	-	-	360,000	-	-	-	-	-	-	360,000	-
Total current assets	395,419	4,170,348	1,292,578	360,000	66,990	2,314,239	297,182	39,503	863,559	178,031	9,877,849	1,276,587
Noncurrent assets:												
Land and Construction in Progress	-	21,347,900	33,008,618	-	4,538,798	-	-	-	2,261,160	2,779,992	63,956,468	-
Other Capital Assets (Net)	1,397,136	5,371,292	1,021,549	-	579,679	109,948	11,766	177,882	651,908	2,696,583	12,017,743	-
Investment in water distribution bonds	-	-	-	21,325,000	-	-	-	-	-	-	21,325,000	-
Total noncurrent assets	1,397,136	26,719,192	34,030,167	21,325,000	5,138,477	109,948	11,766	177,882	2,913,068	5,476,575	97,299,211	-
Total assets	1,792,555	30,889,540	35,322,745	21,685,000	5,205,467	2,424,187	308,948	217,385	3,776,627	6,654,606	107,277,060	1,276,587
DEFERRED OUTFLOWS OF RESOURCES												
Deferred charge on refunding	-	313,720	-	-	3,533	-	-	-	41,353	-	358,606	-
Total deferred outflows of resources	-	313,720	-	-	3,533	-	-	-	41,353	-	358,606	-
LIABILITIES												
Current liabilities:												
Advanced Funding of Projects	66,069	-	3,775,193	-	-	-	-	-	302,950	-	4,144,212	-
Accounts payable and accrued liabilities	367,860	27,567	51,820	-	4,716	-	17,861	2,134	10,510	-	482,468	262,033
Customer deposits	-	39,400	-	-	2,300	-	-	6,105	2,200	-	50,005	-
Accrued interest payable	-	66,117	36,772	-	745	-	-	-	8,715	-	112,349	-
Deferred Revenue	-	-	-	-	-	-	43,421	-	-	-	43,421	-
Due to other funds	-	37,075	1,577,179	-	-	-	-	-	678,906	2,893,239	5,186,399	-
General obligation bonds payable	-	344,205	94,268	360,000	10,783	-	-	6,580	61,539	-	877,375	-
Total current liabilities	433,929	514,364	5,535,232	360,000	18,544	-	61,282	14,819	1,064,820	2,893,239	10,896,229	262,033
Noncurrent liabilities:												
Compensated absences	8,158	26,508	6,987	-	3,052	-	6,346	-	82	-	51,133	-
OPFB Payable	51,394	134,591	15,221	-	14,306	-	31,703	-	924	-	248,139	-
General obligation bonds payable	-	20,141,177	22,761,824	21,325,000	218,491	-	-	122,075	2,661,165	-	67,229,732	-
Total noncurrent liabilities	59,552	20,302,276	22,784,032	21,325,000	235,849	-	38,049	122,075	2,662,171	-	67,529,004	-
Total liabilities	493,481	20,816,640	28,319,264	21,685,000	254,393	-	99,331	136,894	3,726,991	2,893,239	78,425,233	262,033
NET POSITION												
Net investment in capital assets	1,397,136	6,765,727	12,466,489	-	4,909,203	109,948	11,766	49,227	1,017,177	5,476,575	32,203,248	-
Restricted	-	-	-	-	45,404	-	166,432	-	-	-	166,432	-
Unrestricted	(98,062)	3,620,893	(5,463,008)	-	4,540	2,314,239	31,419	31,264	(926,188)	(2,715,208)	(3,159,247)	1,014,554
Total net position	1,299,074	10,386,620	7,000,481	-	4,954,607	2,424,187	209,617	80,491	90,989	(2,761,967)	29,210,433	1,014,554

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	Enterprise Funds										
	Major					Non-Major					
	Rocky Point Water Fund	Water Treatment Plant	Water Fund	Maple Hill Water Fund	Sewer Fund	Section 8 Admin. Fund	Country Apartments Fund	Scott's Hill Water & Sewer	Waste Water Treatment Plant	Total	Internal Service Fund
OPERATING REVENUES											
Charges for services	\$ 4,025,732	\$ 415,213	\$ -	\$ 170,943	\$ 803,640	\$ -	\$ -	\$ 240,750	\$ -	\$ 8,793,202	\$ -
Dwelling rental	-	-	-	-	-	-	42,657	-	-	42,657	-
Other operating revenue	467	-	-	2,475	-	-	40	-	-	2,982	-
Premiums received	-	-	-	-	-	-	-	-	-	-	3,336,767
Total operating revenues	4,026,199	415,213	-	173,418	803,640	-	42,697	240,750	-	8,838,841	3,336,767
OPERATING EXPENSES											
Personnel	187,170	323,813	-	67,095	-	114,998	-	20,546	-	1,316,915	-
Contracted services	3,949,500	61,106	-	16,278	-	-	18,205	225	-	4,355,534	-
Water purchases	734,598	-	-	36,217	-	-	-	18,696	-	789,511	-
System maintenance	47,835	206,500	-	55,755	12,520	18,852	29,094	12,157	-	721,408	-
Depreciation	23,205	13,033	-	29,609	6,283	1,105,263	7,710	24,900	302,421	1,105,263	-
OPEB Expense	8,894	15,221	-	3,164	-	5,520	-	924	-	59,439	-
Other Equipment	362,559	-	-	-	-	-	-	-	-	362,559	-
Total operating expenses	4,579,163	619,673	-	208,118	18,803	1,248,694	55,009	77,448	302,421	9,354,031	3,833,175
Operating income (loss)	(552,964)	(204,460)	-	(34,700)	784,837	(1,248,694)	(12,312)	163,302	(302,421)	(515,190)	(496,408)
NONOPERATING REVENUES (EXPENSES)											
Interest revenue (expense)	-	(13,271)	-	(4,254)	-	44	56	(69,041)	-	(54,691)	-
Bond issuance cost	-	-	-	(2,985)	-	-	-	(34,944)	-	(303,025)	-
Operating Subsidy - HUD	-	-	-	-	-	1,102,803	-	-	-	1,102,803	-
Miscellaneous Revenue	-	-	-	-	-	74,314	-	-	-	74,314	-
Total nonoperating revenue (expenses) Income (loss) before contributions and transfers	(552,964)	(13,271)	-	(7,239)	784,837	(71,533)	(12,256)	59,317	(302,421)	(182,789)	(496,408)
Other Financing Sources (Uses)											
Capital Contributions	119,640	3,061,972	-	1,474,727	-	-	-	-	-	4,656,339	-
Reimbursements from school	270,608	-	-	-	-	-	-	-	-	270,608	-
Other Reimbursements	4,806	-	-	-	-	-	-	-	-	4,806	-
Transfers in (out)	-	-	-	-	-	-	-	-	-	-	375,000
Total other financing sources (uses)	395,054	3,061,972	-	1,474,727	-	-	-	-	-	4,931,753	375,000
Change in net position	(157,910)	2,844,241	-	1,432,788	784,837	(71,533)	(12,256)	59,317	(302,421)	4,748,964	(121,408)
Total net position - beginning	1,456,984	10,214,719	-	3,521,819	1,639,350	281,150	92,747	31,672	3,063,788	24,461,469	1,135,962
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-	-
Total net position - ending	\$ 1,299,074	\$ 7,003,481	\$ -	\$ 4,954,607	\$ 2,424,187	\$ 209,617	\$ 80,491	\$ 90,989	\$ 2,761,367	\$ 29,210,433	\$ 1,014,554

The notes to the financial statements are an integral part of this statement.

Pender County, North Carolina
Statement of Cash Flows
Proprietary Funds
For The Fiscal Year Ended June 30, 2013

	Enterprise Funds											
	MAJOR					NON-MAJOR						
	Resource Recovery Fund	Rocky Point Water Fund	Water Treatment Plant	Water Fund	Maple Hill Water Fund	Sewer Fund	Section 8 Admin. Fund	Country Court Apartments Fund	Scott's Hill Water & Sewer	Waste Water Treatment Plant	Total	Internal Service Fund
Cash flows from operating activities:												
Cash received from customers	\$ 4,018,263	\$ 2,907,110	\$ 415,213	\$ -	\$ 156,513	\$ 801,810	\$ 29,491	\$ 42,390	\$ 223,358	\$ -	\$ 8,594,148	\$ 3,336,767
Cash paid for goods and services	(4,341,103)	(1,424,592)	(270,914)	-	(148,138)	(12,520)	(1,124,390)	(44,378)	(27,230)	-	(7,393,265)	(3,757,063)
Cash paid to employees for services	(189,782)	(602,733)	(317,703)	-	(66,910)	-	(114,464)	-	(20,626)	-	(1,312,218)	-
Customer deposits received	-	-	-	-	-	-	-	300	-	-	300	-
Other operating revenue	467	-	-	-	2,475	-	-	40	-	-	2,982	-
Net cash provided (used) by operating activities	(512,155)	879,785	(173,404)	-	(56,060)	789,290	(1,209,363)	(1,648)	175,502	-	(108,053)	(420,296)
Cash flows from noncapital financing												
Transfers in (out)	-	-	-	-	-	-	-	-	-	-	-	375,000
Due to/from	-	-	-	-	-	-	-	-	-	-	-	-
General Fund Advance to cover expenses	66,069	-	1,131,118	-	(1,009,724)	-	-	-	83,932	-	271,395	-
Operating Subsidy	-	-	-	-	-	-	1,102,803	-	-	-	1,102,803	-
Miscellaneous Revenue	-	-	-	-	-	-	74,314	-	-	-	74,314	-
Net cash provided (used) by capital and related financing activities	66,069	-	1,131,118	-	(1,009,724)	-	1,177,117	-	83,932	-	1,448,512	375,000
Cash flows from capital and related financing activities:												
Acquisition and construction of capital assets	-	(68,249)	(3,863,395)	-	(364,612)	-	-	-	(123,553)	(10,619)	(4,430,428)	-
Proceeds from Grants, Loans and Debt	395,054	-	3,061,972	-	1,474,727	-	-	-	-	-	4,931,753	-
Principal paid on bond maturities and equipment contracts	-	(575,000)	(90,528)	-	(15,000)	-	-	(6,514)	(55,000)	-	(742,042)	-
Interest paid on bond maturities and equipment contracts	-	(499,814)	(65,763)	(574,782)	(2,382)	-	-	(1,322)	(80,882)	-	(1,224,945)	-
Net cash provided (used) by capital and related financing activities	395,054	(1,143,063)	(957,714)	(574,782)	1,092,733	-	-	(7,836)	(259,435)	(10,619)	(1,465,661)	-
Cash flows from investing activities:												
Interest on investments	-	467	2,583	574,782	-	-	44	56	1,644	-	579,576	-
Net increase (decrease) in cash and cash equivalents	(51,032)	(262,811)	2,583	-	26,949	789,290	(32,202)	(9,428)	1,643	(10,619)	454,374	(45,296)
Cash and cash equivalents, July 1	51,132	3,329,741	1,289,831	-	-	1,460,008	323,389	46,122	825,170	188,650	7,514,043	1,321,883
Cash and cash equivalents, June 30	\$ 100	\$ 3,066,930	\$ 1,292,414	\$ -	\$ 26,949	\$ 2,249,298	\$ 291,187	\$ 36,694	\$ 826,813	\$ 178,031	\$ 7,968,416	\$ 1,276,587

(continued)

Pender County, North Carolina
Statement of Cash Flows
Proprietary Funds
For The Fiscal Year Ended June 30, 2013

	Enterprise Funds											
	Major					Non-Major						
	Resource Recovery Fund	Rocky Point Water Fund	Water Treatment Plant	Water Fund	Maple Hill Water Fund	Sewer Fund	Section 8 Admin. Fund	Country Court Apartments Fund	Scott's Hill Water & Sewer	Waste Water Treatment Plant	Total	Internal Service Fund
	\$ (552,964)	\$ 892,222	\$ (204,460)	\$ -	\$ (34,700)	\$ 784,837	\$ (1,248,694)	\$ (12,312)	\$ 163,302	\$ (302,421)	\$ (515,190)	\$ (496,408)
Operating income (loss)												
Adjustments to reconcile operating income to net cash provided by operating activities:												
Depreciation	23,205	232,180	13,033	-	29,609	6,283	4,061	7,710	24,900	302,421	643,402	-
OPEB Expense	8,894	25,716	15,221	-	3,164	-	5,520	-	924	-	59,439	-
Landfill closure and postclosure care costs	-	-	-	-	-	-	-	-	-	-	-	-
Changes in assets and liabilities:												
(Increase) Decrease in accounts receivable	(7,469)	(235,847)	(164)	-	(16,423)	(1,830)	2,095	(267)	(19,592)	-	(279,497)	-
(Increase) in prepaid items	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	18,791	(41,079)	(3,144)	-	(39,888)	-	(275)	2,921	3,848	-	(58,826)	76,112
(Decrease) in deferred revenues	-	-	-	-	-	-	27,396	-	-	-	27,396	-
(Decrease) in customer deposits	-	6,033	-	-	1,993	-	-	300	2,200	-	10,526	-
Increase (decrease) in accrued vacation pay	(2,612)	560	6,110	-	185	-	534	-	(80)	-	4,697	-
Total adjustments	40,809	(12,437)	31,056	-	(21,360)	4,453	39,331	10,664	12,200	302,421	407,137	76,112
Net cash provided (used) by operating activities	\$ (512,155)	\$ 879,785	\$ (173,404)	\$ -	\$ (56,060)	\$ 789,290	\$ (1,209,363)	\$ (1,648)	\$ 175,502	\$ -	\$ (108,053)	\$ (420,296)

(concluded)

The notes to the financial statements are an integral part of this statement.

**Pender County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2013**

		<u>Agency Funds</u>
Assets		
Cash and investments	\$	52,921
Total assets		<u>52,921</u>
Liabilities		
Accounts payable		52,921
Due to other funds		<u>-</u>
Total liabilities		<u>52,921</u>
Net Position		
Held in trust (Fiduciary net position)	\$	<u><u>-</u></u>

The notes to the financial statements are an integral part of this statement.

PENDER COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of Pender County and its component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Description of the Reporting Entity

Pender County is located in the southeastern part of the State in the Coastal Region and has a population of approximately 48,630. The County, which is governed by a five-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153 A-10. As required by generally accepted accounting principles, these financial statements present the County and its component unit, a legally separate entity for which the County is financially accountable.

Blended Component Units – The blended presentation method presents component units as a department or unit of the County, and offers no separate presentation as with the discrete method.

The Pender County Housing Authority, a separate legal entity governed by the County Commissioners, exists to provide low and moderate income residents alternatives for affordable housing. Its primary revenues are rental payments and subsidies paid by the federal government. The Authority's operations are reported in two enterprise funds: the Section 8 Administration and Country Court Apartments Fund. Separate financial statements are not issued for the Authority.

The Maple Hill Water District (the District) was established by the Pender County Board of Commissioners on February 21, 1989. It includes a section of Northeast Pender County near the Onslow and Duplin County lines. Approximately 450 potential customers (households and businesses) are within the District. The District provides potable water to the customers in the District. Under State law [NCGS 162A-89], the Pender County Board of Commissioners also serve as the governing board of the District. This District is reported as an enterprise fund. Separate financial statements are not issued for the district.

The Rocky Point / Topsail Water / Sewer District was established by the Pender County Board of Commissioners. The District provides potable water and access to sewer services to the customers inside the District. Under State law [NCGS 162A-89], the Pender County Board of Commissioners also serve as the governing board of the District. The District is reported as an enterprise fund. Separate financial statements are not issued for the district.

The Scott's Hill Water and Sewer District (the District) was established by the Pender County Board of Commissioners on February 20, 2006. It includes a section of Southeast Pender County near the New Hanover County line. Approximately 650 potential customers (households and businesses) are within the District. The District began the provision of potable water to the customers in the District in November 2011. Under State law [NCGS 162A-89], the Pender County Board of Commissioners also serve as the governing board of the District. This District is reported as an enterprise fund. Separate financial statements are not issued for the district.

Discretely Presented Component Units – Discretely presented component units are presented as if they are separate proprietary funds of the County.

The discretely presented component unit presented below is reported in a separate column in the County's combined financial statements in order to emphasize that it is legally separate from the County.

Pender County ABC Board

The members of the Alcoholic Beverage Control Board's governing board are appointed by the County Commissioners. The ABC Board is required by state statute to distribute its surpluses to the General Fund of the County. The Board, as provided by North Carolina Alcoholic Beverage Control Laws, operates four retail liquor stores. The Alcoholic Beverage Control Board, which has a June 30 year-end, is presented as if it were a proprietary fund.

Complete financial statements for the discretely presented component units may be obtained at the administrative offices of those entities, which are as follows:

Pender County ABC Board
207 US 117 Bypass
Burgaw, North Carolina 28425

Other Component Unit

The County's Board of Commissioners are responsible for appointing the members of the board of the Industrial Facilities and Pollution Control Financing Authority (Industrial Authority), and the County can remove any member of the Board with or without cause. The Industrial Authority exists to issue and service revenue bond debt for private businesses to aid in the financing of the industrial manufacturing facilities for the purpose of providing employment and raising below average manufacturing wages and for established industries that are in need of modernization in order to meet the pollution control requirements of the federal government, state, county and city. The Industrial Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Industrial Authority does not issue separate financial statements.

B. Basis of Presentation – Basis of Accounting

Basis of Presentation, Measurement Focus - Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government net position (the County) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

The County reports the following major governmental funds:

General Fund - This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

School Capital Project Fund – This fund is used to track revenue and expenditures for school capital outlay.

The County reports the following major enterprise funds:

Resource Recovery Fund – This fund accounts for the operation, maintenance, and development of various landfills and disposal sites.

Rocky Point – Topsail Water and Sewer Fund – This fund is used to account for the operations of the water and sewer district within Rocky Point and Topsail.

Water Treatment Plant - This fund is used to account for the construction of the Water Treatment Plant.

Water Fund - This fund is used to account for the Limited Obligation Bonds issued by the County to cover the Water District General Obligation Bonds.

The County reports the following fund type:

Agency Funds - Agency Funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains seven agency funds: the Tax Clearing Agency Fund; the 4 – H Fund; Extension Education Fund; the Sea Oats Travel Fund; a Pesticide Recycling Grant; the Tourism Development Authority Fund; and the 3% Motor Vehicle Tax Collection Fund, which includes the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles. The Tax-Clearing Fund accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities and special districts within the County.

Measurement Focus, Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements – The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Pender County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they became due. Therefore, taxes for vehicles registered from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Emergency Telephone, Fire District, and Revaluation Special Revenue Funds, and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for Capital Reserve Special Revenue Fund, the Capital Projects funds, and the Enterprise Capital Projects Funds, which are consolidated with the enterprise operating funds for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. The governing board must approve all amendments. During the year, several material amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

1. Deposits and Investments

All deposits of the County and the ABC Board are made in board-designated official depositories and are secured as required by G.S.159-31. The County and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State Law [G.S. 159-30(c)] authorizes the County and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The County and the ABC Board's investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

The County pools moneys from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

3. Restricted Assets

The unexpended bond proceeds of the District's Bonds are classified as restricted assets within the Water and Sewer Districts because their use is completely restricted to the purpose for which the bonds were originally issued. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. Money in the Tax Reassessment Fund is also classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Money in the School Capital Projects Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22.

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2012. As allowed by State law, the County has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Inventories and Prepaid Items

The inventories of the ABC Board are valued at cost (first-in, first-out), which approximates market. The inventory of the ABC Board consists of materials and supplies held for consumption or resale. The cost of the inventory is recorded as an expense as it is consumed or sold.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, substations, lines and other plant and distribution systems, \$5,000; infrastructure, \$20,000; furniture and equipment, \$5,000; and vehicles, \$10,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Pender County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Pender County Board of Education.

Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings	50
Improvements	25
Furniture and equipment	10
Vehicles	6
Computer equipment	3

Capital assets of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

	<u>Years</u>
Property	15 - 50
Equipment	5-10
Vehicles	5

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has one item that meets this criterion - a charge on refunding that had previously been classified as an asset. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has one item that meets this criterion - prepaid taxes.

9. Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as an other financing source.

10. Compensated Absences

The vacation policy of the County generally provides for the accumulation of up to 240 hours earned vacation leave with such leave being fully vested when earned. Effective July 1, 1994, the County has elected to pay, upon satisfactory separation of service from the County with over five years of service to the County, 25% of the accumulated sick leave value to the separating employee. Accumulated earned leave pay at June 30, 2013, amounted to \$1,521,503 in total, \$1,470,368 of which represents the liability of the governmental funds and is recorded in the government-wide statements and \$51,135 is recorded in the Enterprise Funds. The 75% remaining unused sick leave accumulated at the time of retirement may also be used in the determination of length of service for retirement benefit purposes. Since no termination payment is involved, no accrual for this part of the sick leave is provided by the County.

ABC Board employees may accumulate up to two hundred forty hours earned vacation, and such leave is fully vested when earned. Accumulated earned vacation amounted to approximately \$20,359 at June 30, 2013. Employees can accumulate an unlimited amount of sick leave. Sick leave does not vest, but unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Board has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made. Accumulated sick leave amounted to approximately \$78,984 at June 30, 2013.

11. Net Position/Fund Balances

Net Position

Net positions in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through State statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balance as follows:

Nonspendable Fund Balance - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance - This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization of State Statute - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Restricted for Public Safety - portion of fund balance that is restricted by revenue source for fire protection, emergency services, and emergency telephone purposes.

Restricted for Economic Development - portion of fund balance that is restricted by revenue source for economic development purposes.

Restricted for Health Department Escrow - portion of fund balance that is restricted by revenue source for the health department.

Restricted for Sheriff's Seizures - portion of fund balance that is restricted by revenue source for Sheriff Seizures.

Restricted for School Capital Projects - portion of fund balance that is restricted for School Capital Projects.

Committed Fund Balance - Portion of fund balance that can only be used for specific purpose imposed by majority vote of Pender County's governing body (highest level of decision making authority). Any changes or removal of specific purposes requires majority action by the governing body.

Tax Reassessment - portion of fund balance that is committed for tax revaluation.

Automation Enhancement and Preservation - portion of fund balance that is committed for automation enhancement projects.

Capital Outlay and Improvements - portion of fund balance that is committed for Capital Outlay and Improvements.

Assigned Fund Balance - portion of fund balance that the Pender County governing board has budgeted.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

Unassigned Fund Balance - portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

Pender County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, and county funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it's in the best interest of the County.

Pender County has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 30% of current fiscal year expenditures. However, effective October 2013, the County changed that policy to state that the unassigned fund balance should be equal to or greater than 20% of current fiscal year expenditures. Any portion of the General Fund balance in excess of 20% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget.

NOTE 2: Stewardship, Compliance and Accountability

A. Significant Violations of Finance-Related Legal and Contractual Provisions

1. Noncompliance with North Carolina General Statutes

The financial records of the County were not reconciled for the entire year. Outside accountants had to be hired to help the County reconcile their books, which resulted in the audit being late.

The County failed to meet some of the Budget Requirements per NC General Statute 159. A budget was approved, and amendments were brought before the Board for approval. Most of these amendments were never recorded on the County's financial records. Therefore, several line items were overspent. In addition, budget amendments were posted that did not balance

There was approval in the minutes of various capital leases and projects throughout the year, but they were also not set up in the financial records. Entries were made by the outside accountants in reconciling the accounts, which created budget violations because the necessary amendments were not made.

Reports were not filed timely with the State Treasurer's office, Bond Rating agencies, and grantor agencies, as the audit could not be completed until the books were reconciled.

There were several funds that were still open in the ledger that have been closed out for several years. There are several instances where grant deposits and/or expenditures were recorded in the General Fund instead of the respective Special Revenue Funds, which created balances in these funds. These funds were closed out, which more accurately reflected the General Fund's fund balance as of June 30, 2013.

2. Deficit Fund Balance or Net Position of Individual Funds

The County reported deficit fund balances in the following accounts:

Fire Service District	258,858
Rescue District	12,351

These deficit balances were primarily a result of timing differences between collecting the revenue and spending the money. The County will monitor these more closely in the future.

3. Revenue Bond Covenants

As discussed in the Revenue Bond note under the Long-Term Liability section, the County failed to meet covenants related to the Revenue Bond. Noncompliance related to not meeting the debt coverage ratio and not filing a timely audit report. The Board is currently reviewing the covenants to make sure that they remedy any violations of the covenants.

NOTE 3: Detail Notes on All Funds

A. Assets

1. Deposits

All of the County's and the ABC Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and the ABC Board, these deposits are considered to be held by their agents in the entities' name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposit and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the ABC Board, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County and the ABC Board under the Pooling Method, the potential exists for the under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County and the ABC Board rely on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2013, the County's deposits had a carrying amount of \$19,645,021 and a bank balance of \$20,013,784. Of the bank balance, \$1,000,000 was covered by federal depository insurance and the remaining \$19,013,784 was covered by collateral held under the Pooling Method. Of this amount, \$1,714 was cash on hand.

At June 30, 2013, the carrying amount of deposits for Pender County ABC Board was \$599,337 and the bank balance was \$519,375. At June 30, 2013, the Board has a concentration of credit risk in that deposits with a carrying amount of \$496,601 and bank balances of \$432,667 were on deposit in one financial institution. These exceeded the FDIC deposit limit of \$250,000 for interest bearing accounts. Both First Citizens Bank and Trust Company and Bank of America have selected the Pooling Method to secure public deposits.

2. Investments

As of June 30, 2013, the County's investments consisted of \$14,881,506 in the North Carolina Capital Management Trust's cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The County has no policy on credit risk.

The Water Fund owns General Obligation Bonds in the amount of \$21,685,000 which were issued in the current year from the Water Districts. These bonds are considered to be investments and should be included in the County's investments. \$360,000 matures in six to twelve months, and \$21,325,000 mature in over one year.

3. Receivables

Receivables at the government-wide level at June 30, 2013 were as follows:

Accounts	Taxes and Related Accrued		Sales Tax	Due from Other Governments	Other	Total
	Interest					
Governmental Activities:						
General	\$ -	\$ 3,001,994	\$ 311,700	\$ 2,072,927	\$ 3,255	\$ 5,389,876
Other Governmental	-	567,367	266,550	700,295	22,215	1,556,427
Total Receivables	-	3,569,361	578,250	2,773,222	25,470	6,946,303
Allowance for Doubtful Accounts	-	(1,044,167)	-	-	-	(1,044,167)
Total Governmental Activities	\$ -	\$ 2,525,194	\$ 578,250	\$ 2,773,222	\$ 25,470	\$ 5,902,136
Business Type Activities:						
Maple Hill Water Fund	\$ 33,262	\$ -	\$ 7	\$ -	\$ -	\$ 33,269
Sewer Fund	40,434	-	-	-	-	40,434
Resource Recovery	116,673	451,807	9	-	-	568,489
Section 8 Administration	5,964	-	31	-	-	5,995
Country Court	-	-	19	-	2,790	2,809
Rocky Point Water & Sewer	786,950	-	385	-	-	787,335
Water Treatment Plant	-	-	163	-	-	163
Scotts Hill Water & Sewer	46,580	-	2	-	-	46,582
Total Receivables	1,029,863	451,807	616	-	2,790	1,485,076
Allowance for doubtful accounts	(395,488)	(156,136)	-	-	-	(551,624)
Total Business-Type Activities	\$ 634,375	\$ 295,671	\$ 616	\$ -	\$ 2,790	\$ 933,452

The due from other governments that is owed to the County consists of the following:

Local Option Sales Tax	\$2,031,059
Emergency Management Grant	\$14,877
Franchise Tax	71,804
Health Grants	276,150
DSS Grants	379,332
Total	\$2,773,222

4. Receivables - Allowances for Doubtful Accounts:

The amounts reported for County receivables are net of the following allowances for doubtful accounts:

General:	
Ad Valorem Taxes	\$ 884,685
Special Revenue:	
Ad Valorem Taxes	\$ 159,482

5. Capital Assets

Capital asset activity for the year ended June 30, 2013, was as follows:

Governmental Activities	Beginning Balances				Ending Balances
	July 1, 2012	Additions	Retirements	Transfers	June 30, 2013
Capital assets not being depreciated:					
Land	\$ 10,276,114	\$ -	\$ -	\$ -	\$ 10,276,114
Construction in Progress	7,544,874	151,029	-	(129,330)	7,566,573
Total capital assets not being depreciated	17,820,988	151,029	-	(129,330)	17,842,687
Other capital assets:					
Buildings & Improvements	21,421,589	170,420	-	129,330	21,721,339
Intangibles	1,239,634	62,538	-	-	1,302,172
Equipment	2,795,146	123,581	-	-	2,918,727
Vehicles	3,499,736	951,695	314,745	-	4,136,686
Total capital assets being depreciated	28,956,105	1,308,234	314,745	129,330	30,078,924
Less accumulated depreciation for:					
Buildings & Improvements	10,508,187	616,281	-	-	11,124,468
Intangibles	848,861	53,082	-	-	901,943
Equipment	2,116,809	203,315	-	-	2,320,124
Vehicles	2,468,216	494,498	309,461	-	2,653,253
Total accumulated depreciation	15,942,073	1,367,176	309,461	-	16,999,788
Total capital assets being depreciated, net	13,014,032	(58,942)	5,284	129,330	13,079,136
Governmental activities capital assets, net	\$ 30,835,020				\$ 30,921,823

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities	
General governmental	\$ 445,779
Public Safety	498,467
Human Services	327,162
Education	57,678
Economic and physical development	20,289
Cultural and Recreational	17,801
Total depreciation expense	\$ 1,367,176

Business-type activities

	Beginning Balances	Increases	Decreases	Ending Balances
SEWER FUND				
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Buildings and improvements	256,544	-	-	256,544
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	16,295	-	-	16,295
Total capital assets being depreciated	272,839	-	-	272,839
Less accumulated depreciation for:				
Buildings and improvements	140,313	6,283	-	146,596
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	16,295	-	-	16,295
Total accumulated depreciation	156,608	\$ 6,283	\$ -	162,891
Sewer capital assets, net	\$ 116,231			\$ 109,948

	Beginning Balances	Increases	Decreases	Ending Balances
Maple Hill				
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ 4,930	\$ -	\$ -	\$ 4,930
Construction in progress	4,189,256	364,612	-	4,553,868
Total capital assets not being depreciated	4,194,186	364,612	-	4,558,798
Capital assets being depreciated:				
Buildings and improvements	1,202,031	-	-	1,202,031
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total capital assets being depreciated	1,202,031	-	-	1,202,031
Less accumulated depreciation for:				
Buildings and improvements	592,743	29,609	-	622,352
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total accumulated depreciation	592,743	\$ 29,609	\$ -	622,352
Maple Hill capital assets, net	\$ 4,803,474			\$ 5,138,477

Business-type activities (continued):

	Balances	Increases	Decreases	Balances
RP/T Water				
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ 343,493	\$ -	\$ -	\$ 343,493
Construction in progress	20,976,858	27,549	-	21,004,407
Total capital assets not being depreciated	21,320,351	27,549	-	21,347,900
Capital assets being depreciated:				
Buildings and improvements	7,059,454	-	-	7,059,454
Intangibles	9,485	-	-	9,485
Vehicles	349,658	40,700	-	390,358
Equipment	33,907	-	-	33,907
Total capital assets being depreciated	7,452,504	40,700	-	7,493,204
Less accumulated depreciation for:				
Buildings and improvements	1,641,975	187,023	-	1,828,998
Intangibles	8,766	-	-	8,766
Vehicles	221,772	45,157	-	266,929
Equipment	17,219	-	-	17,219
Total accumulated depreciation	1,889,732	\$ 232,180	\$ -	2,121,912
RP/T capital assets, net	\$ 26,883,123			\$ 26,719,192

	Beginning Balances	Increases	Decreases	Ending Balances
Section 8				
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Buildings and improvements	-	-	-	-
Intangibles	9,383	-	-	9,383
Vehicles	15,615	-	-	15,615
Equipment	-	-	-	-
Total capital assets being depreciated	24,998	-	-	24,998
Less accumulated depreciation for:				
Buildings and improvements	-	-	-	-
Intangibles	7,349	938	-	8,287
Vehicles	1,822	3,123	-	4,945
Equipment	-	-	-	-
Total accumulated depreciation	9,171	\$ 4,061	\$ -	13,232
Section 8 capital assets, net	\$ 15,827			\$ 11,766

	Beginning Balances	Increases	Decreases	Ending Balances
Country Court				
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Buildings and improvements	333,617	-	-	333,617
Intangibles	1,200	-	-	1,200
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total capital assets being depreciated	334,817	-	-	334,817
Less accumulated depreciation for:				
Buildings and improvements	148,285	7,590	-	155,875
Intangibles	940	120	-	1,060
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total accumulated depreciation	149,225	\$ 7,710	\$ -	156,935
Country Court capital assets, net	\$ 185,592			\$ 177,882

Business-type activities (continued):

	Beginning Balances	Increases	Decreases	Ending Balances
Solid Waste				
Public Utilities Fund				
Capital assets not being depreciated:				
Land	\$ 66,770	\$ -	\$ -	\$ 66,770
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>66,770</u>	<u>-</u>	<u>-</u>	<u>66,770</u>
Capital assets being depreciated:				
Buildings and improvements	1,857,726	-	-	1,857,726
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	47,795	-	-	47,795
Total capital assets being depreciated	<u>1,905,521</u>	<u>-</u>	<u>-</u>	<u>1,905,521</u>
Less accumulated depreciation for:				
Buildings and improvements	507,841	19,427	-	527,268
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	44,110	3,777	-	47,887
Total accumulated depreciation	<u>551,951</u>	<u>\$ 23,204</u>	<u>\$ -</u>	<u>575,155</u>
Solid Waste capital assets, net	<u>\$ 1,420,340</u>			<u>\$ 1,397,136</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Scott's Hill Water & Sewer				
Public Utilities Fund				
Capital assets not being depreciated:				
Construction in progress	\$ 2,137,607	\$ 123,553	\$ -	\$ 2,261,160
Total capital assets not being depreciated	<u>2,137,607</u>	<u>123,553</u>	<u>-</u>	<u>2,261,160</u>
Capital assets being depreciated:				
Buildings and improvements	825,000	-	-	825,000
Intangibles	-	-	-	-
Vehicles	21,377	-	-	21,377
Equipment	-	-	-	-
Total capital assets being depreciated	<u>846,377</u>	<u>-</u>	<u>-</u>	<u>846,377</u>
Less accumulated depreciation for:				
Buildings and improvements	166,719	20,625	-	187,344
Intangibles	-	-	-	-
Vehicles	2,850	4,275	-	7,125
Equipment	-	-	-	-
Total accumulated depreciation	<u>169,569</u>	<u>\$ 24,900</u>	<u>\$ -</u>	<u>194,469</u>
Scott's Hill Water & Sewer capital assets, net	<u>\$ 2,814,415</u>			<u>\$ 2,913,068</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Water Treatment Plant				
Public Utilities Fund				
Capital assets not being depreciated:				
Construction in progress	\$ 29,222,297	\$ 3,786,321	\$ -	\$ 33,008,618
Total capital assets not being depreciated	<u>29,222,297</u>	<u>3,786,321</u>	<u>-</u>	<u>33,008,618</u>
Capital assets being depreciated:				
Buildings and improvements	935,082	9,700	-	944,782
Intangibles	-	-	-	-
Vehicles	24,038	44,653	-	68,691
Equipment	-	22,720	-	22,720
Total capital assets being depreciated	<u>959,120</u>	<u>77,073</u>	<u>-</u>	<u>1,036,193</u>
Less accumulated depreciation for:				
Buildings and improvements	-	404	-	404
Intangibles	-	-	-	-
Vehicles	1,612	10,604	-	12,216
Equipment	-	2,024	-	2,024
Total accumulated depreciation	<u>1,612</u>	<u>\$ 13,032</u>	<u>\$ -</u>	<u>14,644</u>
Water Treatment Plant capital assets, net	<u>\$ 30,179,805</u>			<u>\$ 34,030,167</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Waste Water Treatment Plant				
Public Utilities Fund				
Capital assets not being depreciated:				
Construction in progress	\$ 2,769,373	\$ 10,619	\$ -	\$ 2,779,992
Total capital assets not being depreciated	2,769,373	10,619	-	2,779,992
Capital assets being depreciated:				
Buildings and improvements	3,024,206	-	-	3,024,206
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total capital assets being depreciated	3,024,206	-	-	3,024,206
Less accumulated depreciation for:				
Buildings and improvements	25,202	302,421	-	327,623
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total accumulated depreciation	25,202	\$ 302,421	\$ -	327,623
Waste Water Treatment Plant capital assets, net	\$ 5,768,377			\$ 5,476,575
Business-type activities capital assets, net	\$ 72,187,184	\$ -	\$ -	\$ 75,974,211

Construction Commitments

The government has active construction projects as of June 30, 2013. The projects include various school construction projects, as well as water district projects. At June 30, 2013, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Rocky Point / Topsail Phase V	\$ 160,184	\$ 125,396
Scotts Hill Water & Sewer District	3,356,149	151,406
Water Treatment Plant	29,165,919	210,807
Total	\$ 32,682,252	\$ 487,609

Discretely presented component units

The following is a summary of proprietary fund type fixed assets for the ABC Board at June 30, 2013:

	Useful Life	Cost June 30, 2013	Accumulated Depreciation	Net Amount
Property	15 - 50 yrs	\$ 143,406	\$ 105,962	\$ 37,444
Equipment	5 - 10 yrs	229,698	192,207	37,491
Vehicle	5 yrs	20,622	20,622	-
		\$ 393,726	\$ 318,791	\$ 74,935

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2013, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Other	Total
Governmental Activities:					
General	\$ 1,460,389	\$ 564,929	\$ 618,801	\$ -	\$ 2,644,119
Other Governmental	284,784	-	-	-	284,784
Internal Service	-	262,033	-	-	262,033
Total Governmental Activities	<u>\$ 1,745,173</u>	<u>\$ 826,962</u>	<u>\$ 618,801</u>	<u>\$ -</u>	<u>\$ 3,190,936</u>
Business-type Activities					
Maple Hill Water Fund	\$ 4,716	\$ -	\$ 745	\$ -	\$ 5,461
Sewer Fund	-	-	-	-	-
Resource Recovery	367,860	-	-	-	367,860
Section 8 Administration	17,861	-	-	-	17,861
Country Court Apts	2,134	-	-	-	2,134
Scott's Hill Water & Sewer	10,510	-	8,715	-	19,225
Water Treatment Plant	51,820	-	36,772	-	88,592
Rocky Point Water & Sewer	27,567	-	66,117	-	93,684
Total Business-Type Activities	<u>\$ 482,468</u>	<u>\$ -</u>	<u>\$ 112,349</u>	<u>\$ -</u>	<u>\$ 594,817</u>

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System of North Carolina

Plan Description. Pender County and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. The report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.74% and 6.77%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 6.74% of annual covered payroll. The contribution requirements of members and of Pender County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$948,947, \$938,888, and \$856,398, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$23,844, \$26,744, and \$22,982, respectively. The contributions made by the County and the ABC Board equaled the required contributions for each year.

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description:

Pender County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>63</u>
Total	<u><u>64</u></u>

A separate report was not issued for the plan.

2. Summary of Significant Accounting Policies:

Basis of Accounting - Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments - Investments are reported at fair value. Short-term debt money market debt instruments, deposits, repurchase agreements, and the North Carolina Capital Management Trust investments are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

3. Contributions:

The County is required by article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contributions for the fiscal year ended June 30, 2013 was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25 – 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected pay on a closed basis. The remaining amortization period at December 31, 2012 was 18 years.

Annual Pension Cost and Net Pension Obligation - The County's annual pension cost and net pension obligation to the Separation Allowance for the current year was as follows:

Annual Required Contribution	\$ 72,352
Interest on Net Pension Obligation	21,677
Adjustments to Annual Required Contributions	<u>(26,980)</u>
Annual Pension Cost	\$ 67,049
Contributions Made	<u>(9,434)</u>
Increase (Decrease) in Net Pension Obligation	\$ 57,615
Net Pension Obligation Beginning of Year	<u>433,544</u>
Net Pension Obligation End of Year	<u><u>\$ 491,159</u></u>

3-Year Trend Information

<u>Year Ended</u>	<u>Cost (APC)</u>	<u>APC Contributed</u>	<u>Obligation</u>
6-30-11	72,403	10.25%	376,469
6-30-12	64,219	11.12%	433,544
6-30-13	67,049	14.07%	491,159

4. Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$531,578, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$531,578. The covered payroll (annual payroll of active employees covered by the plan) was \$2,347,222, and the ratio of the UAAL to the covered payroll was 22.65%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description - The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of the State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy - Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2013 were \$141,304, which consisted of \$118,656 from the County and \$22,648 from the law enforcement officers.

d. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The County has complied with changes in the laws which govern the County's Deferred Compensation Plan, requiring all assets of the plan to be held in trust for the exclusive benefit of the participants and their beneficiaries. Formerly, the undistributed amounts that had been deferred by the plan participants were required to be reported as assets of the County. Effective for the current fiscal year and in accordance with GASB Statement 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," the County's Deferred Compensation Plan is no longer reported within the County's Agency Funds.

e. Register of Deeds' Supplemental Pension Fund

Plan Description. Pender County also contributes to the Register of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds that is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Register of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Register of Deeds' Supplemental Pension fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2013, the County's required and actual contributions were \$6,185.

f. Other Post-employment Benefits

Plan Description. According to a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). This plan provides postemployment health care benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least twenty years of creditable service with the County. The County pays the full cost of coverage for these benefits through private insurers. Also, retirees can purchase coverage for their dependents at the County's group rates. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan

Membership of the HCB Plan consisted of the following at December 31, 2012, the date of latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	11	1
Terminated plan members entitled to but not yet receiving benefits	0	0
Active plan members	330	63
Total	<u>341</u>	<u>64</u>

Funding Policy. The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the Board of Commissioners. The County's members can purchase coverage for their dependents at the County's group rates. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 6.77% of annual covered payroll. For the current year, the County contributed \$51,645 or 2.20% of annual covered payroll. The County obtains healthcare coverage through private insurers. The County's required contributions, under a Board resolution, for employees not engaged in law enforcement and for law enforcement officers represented .41% and .12% of covered payroll, respectively. There were no contributions made by employees. The County's obligation to contribute to HCB Plan is established and may be amended by the Board of Commissioners.

Summary of Significant Accounting Policies. Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation. The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the current year, the amount actually contributed to the plan, and changed in the County's net OPEB obligation for the postemployment healthcare benefits:

Annual required contribution	\$ 905,701
Interest on net OPEB obligation	164,792
Adjustment to annual required contribution	<u>(157,428)</u>
Annual OPEB cost (expense)	913,065
Contributions made	<u>(51,645)</u>
Increase (decrease) in net OPEB obligation	861,420
Net OPEB obligation, beginning of year	<u>4,119,799</u>
Net OPEB obligation, end of year	<u>\$ 4,981,219</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 1,090,728	4.00%	\$ 3,082,985
2012	\$ 1,090,728	4.94%	\$ 4,119,799
2013	\$ 913,065	5.70%	\$ 4,981,219

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial liability (UAAL) was \$8,112,003. The covered payroll (annual payroll of active employees covered by the plan) was \$13,978,699, and the ratio of UAAL to the covered payroll was 58.03 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2012, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The rate included a 3.00 percent inflation assumption. The medical cost trend rate varied between 8.50 to 5.00 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected unit credit on a level percent of pay, open basis. The remaining amortization period at December 31, 2012, was 30 years.

g. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount. The County considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

The amount of deferred outflows of resources is a charge on refunding of debt of \$3,838,749.

	Unavailable Revenue	Unearned Revenue
Prepaid taxes not yet earned (General)	\$ 28,000	\$ 28,000
Taxes Receivable, net (General)	1,892,350	-
Taxes Receivable, net (Special Revenue)	407,885	-
Total	<u>\$ 2,328,235</u>	<u>\$ 28,000</u>

4. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a participant in one insurance pool administered by the North Carolina Association of County Commissioners Liability and Property Pool, which provides property and general liability coverage.

The County obtains general, auto, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, and property coverage equal to replacement cost values of owned property. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request.

Beginning July 1, 2005, the County became partially self-insured for group medical and prescription drug coverage and self-insured for group dental coverage. The County contracts with Employers Direct Health beginning in 2007 to administer the program. The contract provides for stop-loss reinsurance protection on an aggregate and specific basis. Aggregate stop-loss insures cumulative covered claims above the annual attachment point during any contract period. Specific stop-loss insures covered claims above \$75,000 for any one participant after the County has satisfied an additional \$100,000 aggregating specific deductible in any contract period. The group dental coverage has limited ability due to plan design and no stop-loss reinsurance is purchased.

For workers compensation claims, the County contracts with the North Carolina Association of County Commissioners to administer its workers compensation program.

The liability of unpaid claims of the County as of June 30, 2013 is as follows:

	<u>Fiscal Year Ended June 30,</u>	
	2013	2012
Unpaid claims at July 1	\$ 185,921	\$ 115,095
Incurred claims and judgments for current and prior year events where the County has retained risk of loss	2,678,322	2,492,324
Payments on claims for current and prior year events where the County has retained risk of loss	<u>2,602,210</u>	<u>2,421,498</u>
Unpaid claims at June 30	<u>\$ 262,033</u>	<u>\$ 185,921</u>

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Director of Finance and the County Manager are individually bonded for \$100,000. The Tax Collector, Director of Utilities, and Register of Deeds are each individually bonded for \$50,000. The Deputy Tax Collector and Deputy Finance Director are each individually bonded for \$30,000. The Housing Director is bonded for \$25,000.

The County carries flood insurance through the North Carolina Association of County Commissioners, with a deductible of \$25,000 per occurrence. Flood coverage is excluded on property located in the 100 year flood zone as designated by the Federal Emergency Management Agency.

The County continues to carry commercial insurance for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years

6. Contingent Liabilities

The County is a defendant in various lawsuits. Management of the County and its respective legal counsel feels that these claims can be successfully defended and intend to resist the allegations of these matters in every way and do not plan to seek out-of-court settlements. In the event that judgments adverse to the interest of the County should be rendered, management and its legal counsel feel any liability will be covered by existing insurance policies.

7. Long Term Debt

Capital Leases

The County has entered into various lease agreements to lease certain equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The first agreement was executed on December 15, 2012 to lease vehicles for the public works department and requires 3 annual lease payments of \$139,758. The second agreement was also executed on December 15, 2012 to lease vehicles for various county department vehicles and requires 5 annual payments of \$109,822. In both agreements, title passes to the County at the end of the lease term.

The following is an analysis of the assets recorded under capital leases at June 30, 2013:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Vehicles	\$ 946,695	\$ 76,776	\$ 869,919

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

<u>For Year Ending June 30</u>	
2014	\$ 249,580
2015	249,580
2016	249,580
2017	109,822
2018	109,822
Total minimum lease payments	\$ 968,384
Less: amount representing interest	21,689
Present value of the minimum lease payments	\$ 946,695

Mortgage Notes

Pender County Housing Authority (Country Court Enterprise Fund) has outstanding two notes aggregating \$128,655 due to the Farmer's Home Administration. The notes are collateralized by an apartment complex with a carrying value of \$192,342 and bear interest at 1%.

Serviced by Water and Sewer Districts:

\$9,500,000 Water Treatment Plant Bonds, Water Series, 2012A to USDA Rural Development, due in annual payments ranging from \$125,000 to \$430,000, plus interest at 3.50% through June 2052.	\$ 9,500,000
\$7,000,000 Water Treatment Plant Bonds, Water Series, 2012B to USDA Rural Development, due in annual payments ranging from \$87,000 to \$325,000, plus interest at 3.50% through June 2052.	7,000,000
\$1,000,000 Water Treatment Plant Bonds, Water Series, 2012D to USDA Rural Development, due in annual payments ranging from \$16,000 to \$41,000, plus interest at 2.75%.	1,000,000
\$220,000 Maple Hill Water District Refunding Bond, Series 2012 due in annual payments ranging from \$10,000 to \$15,000, plus interest ranging from 2 to 5%, through June 2031	205,000
\$2,575,000 Scott's Hill Water & Sewer District Refunding Bond, Series 2012, due in annual payments ranging from \$55,000 to \$150,000, plus interest ranging from 2 to 5% through June 2041.	2,520,000
\$19,535,000 Rocky Point - Topsail Water & Sewer District Refunding Bond, Series 2012 due in annual payments ranging from \$295,000 to \$925,000, plus interest ranging from 2 to 5% through June 2044.	<u>18,960,000</u>
Total General Obligation Bonds (Business-type Activities)	<u>\$ 39,185,000</u>
Total General Obligation Bonds	<u><u>\$ 92,970,000</u></u>

Other Indebtedness

Installment Purchase

Serviced by the General Fund:

\$960,000 note to BB&T Governmental Finance, due in annual installments of \$80,000 through June 29, 2015; interest at 4.05% fixed.	\$ 160,000
\$655,250 note to North Carolina Department of Commerce to finance Industrial Shell Building. Interest only payments due first two years, with first payment due July 1, 2011 and principal will amortize thereafter on July 1, 2013 until the loan is paid in full.	655,250
\$500,000 note to Four County EMC to finance the Industrial Shell Building. Principal payments will be repaid in 84 equal monthly installments, with the first installment being due July 31, 2014. Interest rate is 0%.	500,000
\$1,631,386 note to BASF Corporation to finance the purchase of land. Principal payments will be repaid in 5 equal annual installments of \$326,277, with the first installment being due on December 7, 2011. Interest rate is 0%.	<u>978,832</u>
Total - Governmental Activities	<u>\$ 2,294,082</u>

Serviced by Enterprise Funds

\$935,082 note to Lower Cape Fear Water and Sewer Authority to finance the purchase of water capacity for the water treatment plant. Principal payments will be repaid in 20 equal semi-annual installments. The interest rate was 5.25%, but changed to 4.09% effective January 2007.	<u>\$ 401,092</u>
Total - Business-Type Activities	<u>\$ 401,092</u>
Total Installment Purchases	<u><u>\$ 2,695,174</u></u>

Limited Obligation Bonds

On October 10, 2012, the County Water Districts issued individual refunding bonds in the amount of \$22,330,000 for each of the USDA Bonds being refinanced. The County then issued Limited Obligation Bonds ("LOBs") to purchase these bonds; the County (and bondholders) have a security interest in the Water District's refunding bonds. When debt service is due, each water district will remit the debt service payments for their respective bonds to the County, who will then remit it to the bondholders. If a district does not pay, the County has the bonds (and the District's ad valorem taxing power for the general obligation bonds) as collateral. The Limited Obligation Bonds are appropriation-backed and require the Board to budget for the debt service annually. The payments will consist of an annual principal payment and bi-annual interest payments with a 3.73% average interest rate over the life of the term. As of June 30, 2013, the balance of the bonds was \$21,685,000. The reader should note that this debt issuance is entirely offset by the Water District's Refunding 2012 Bonds as detailed below under the General Obligation Indebtedness section.

The Limited Obligation bonds were not accounted for in the County's books of record, but the funds were set up to properly reflect the Limited Obligation Bonds. Transactions are reflected in the Water Fund.

The minimum payments for the Limited Obligation Bonds as of June 30, 2013 in the Business-Type Activities are as follows:

Year Ending	Business-Type Activities	
	Principal	Interest
June 30		
2014	\$ 360,000	\$ 906,925
2015	360,000	903,325
2016	365,000	899,725
2017	365,000	896,075
2018	375,000	892,425
2019-2023	2,435,000	4,097,975
2024-2028	3,215,000	3,464,875
2029-2033	3,890,000	2,728,713
2034-2038	4,640,000	1,887,250
2039-2043	4,770,000	798,300
2044-2048	820,000	36,900
Total	<u>\$ 21,595,000</u>	<u>\$ 17,512,488</u>

General Obligation Bonds

The general obligation bonds serviced by the General Fund are collateralized by the full faith, credit and taxing power of the County. The general obligation bonds serviced by the Water Fund, and Sewer Fund are collateralized by the full faith, credit and taxing power of the Maple Hill Water District, the Rocky Point – Topsail Water and Sewer District, and the Scott's Hill Water and Sewer District. The following individual issues are outstanding at June 30, 2013:

Serviced by the General Fund:

General Obligation Refunding Bonds, Series 2012 \$2,040,000,000 due in annual payments ranging from \$385,000 to \$465,000, plus semi-annual interest payments at 1.96% through June 2017, serviced by the Special Revenue Fund.	\$ 1,655,000
General Obligation Refunding Bonds, Series 2010 \$4,985,000 due in annual payments ranging from \$10,000 to \$460,000, plus semi-annual interest payments ranging from 4.40% to 4.70% through 2022, serviced by the Special Revenue Fund.	3,905,000
General Obligation Refunding Bonds, Series 2004 \$9,815,000 due in annual payments ranging from \$460,000 to \$1,125,000, plus interest ranging from 2.50% to 4.00% through 2016, serviced by the General Fund and the Special Revenue Fund.	2,170,000
General Obligation School Bonds, Series 2005 \$35,000,000 due in annual payments ranging from \$1,000,000 to \$3,000,000, plus interest ranging from 3.00% to 4.75% through 2025, serviced by the School Capital Project Fund.	4,200,000
General Obligation School Bonds, Series 2007 \$20,875,000 due in annual payments ranging from \$900,000 to \$1,875,000, plus interest ranging from 4.00% to 6.00% through 2028, serviced by the School Capital Project Fund.	16,375,000
Refunded-General Obligation School Bonds, Series 2012 \$25,860,000 due in annual installments ranging from \$155,000 to \$3,010,000 plus interest at 2% through 2026, serviced by the School Capital Project Fund.	<u>25,480,000</u>
Total General Obligation Bonds (Governmental Activities)	\$ 53,785,000

Serviced by Water and Sewer Districts:

\$9,500,000 Water Treatment Plant Bonds, Water Series, 2012A to USDA Rural Development, due in annual payments ranging from \$125,000 to \$430,000, plus interest at 3.50% through June 2052.	\$ 9,500,000
\$7,000,000 Water Treatment Plant Bonds, Water Series, 2012B to USDA Rural Development, due in annual payments ranging from \$87,000 to \$325,000, plus interest at 3.50% through June 2052.	7,000,000
\$1,000,000 Water Treatment Plant Bonds, Water Series, 2012D to USDA Rural Development, due in annual payments ranging from \$16,000 to \$41,000, plus interest at 2.75%.	1,000,000
\$220,000 Maple Hill Water District Refunding Bond, Series 2012 due in annual payments ranging from \$10,000 to \$15,000, plus interest ranging from 2 to 5%, through June 2031	205,000
\$2,575,000 Scott's Hill Water & Sewer District Refunding Bond, Series 2012, due in annual payments ranging from \$55,000 to \$150,000, plus interest ranging from 2 to 5% through June 2041.	2,520,000
\$19,535,000 Rocky Point - Topsail Water & Sewer District Refunding Bond, Series 2012 due in annual payments ranging from \$295,000 to \$925,000, plus interest ranging from 2 to 5% through June 2044.	<u>18,960,000</u>
Total Serviced by the Enterprise Funds	<u>\$ 39,185,000</u>

Other Indebtedness

Installment Purchase

Serviced by the General Fund:

\$960,000 note to BB&T Governmental Finance, due in annual installments of \$80,000 through June 29, 2015; interest at 4.05% fixed.	\$ 160,000
\$655,250 note to North Carolina Department of Commerce to finance Industrial Shell Building. Interest only payments due first two years, with first payment due July 1, 2011 and principal will amortize thereafter on July 1, 2013 until the loan is paid in full.	655,250
\$500,000 note to Four County EMC to finance the Industrial Shell Building. Principal payments will be repaid in 84 equal monthly installments, with the first installment being due July 31, 2014. Interest rate is 0%.	500,000
\$1,631,386 note to BASF Corporation to finance the purchase of land. Principal payments will be repaid in 5 equal annual installments of \$326,277, with the first installment being due on December 7, 2011. Interest rate is 0%.	<u>978,832</u>
Total - Governmental Activities	<u>\$ 2,294,082</u>

Serviced by Enterprise Funds

\$935,082 note to Lower Cape Fear Water and Sewer Authority to finance the purchase of water capacity for the water treatment plant. Principal payments will be repaid in 20 equal semi-annual installments. The interest rate was 5.25%, but changed to 4.09% effective January 2007.	<u>\$ 401,092</u>
Total - Business-Type Activities	<u>\$ 401,092</u>

Total Installment Purchases	<u>\$ 2,695,174</u>
-----------------------------	---------------------

Total Long-Term Debt	<u><u>\$ 95,665,174</u></u>
----------------------	-----------------------------

Annual maturity requirements on all long-term debt (except accrued compensated absences and unfunded pension obligations, which have no definite maturities, and capital lease obligations, which are presented elsewhere) with no related interest as of June 30, 2013, are as follows:

Year Ending June 30	General Obligation Bonds		Installment Note		Mortgage Notes		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2014	\$ 4,475,000	\$ 3,425,913	\$ 714,651	\$ 35,036	\$ 6,580	\$ 1,256	\$ 8,658,436
2015	4,746,000	3,272,385	794,256	23,618	6,646	1,190	8,844,095
2016	4,742,000	3,103,465	722,680	11,955	6,712	1,124	8,587,936
2017	4,705,000	2,933,751	177,871	2,177	6,780	1,056	7,826,635
2018	4,659,000	2,794,055	285,716	1,212	34,935	4,245	7,779,163
2019-2023	23,287,000	11,487,445	-	-	36,725	2,455	34,813,625
2024-2028	18,862,000	7,308,948	-	-	30,277	574	26,201,799
2029-2033	5,909,000	4,906,598	-	-	-	-	10,815,598
2034-2038	7,031,000	3,691,498	-	-	-	-	10,722,498
2039-2043	7,602,000	2,159,600	-	-	-	-	9,761,600
2044-2048	4,180,000	873,215	-	-	-	-	5,053,215
2049-2053	2,772,000	225,780	-	-	-	-	2,997,780
Total	\$ 92,970,000	\$ 46,182,653	\$ 2,695,174	\$ 73,998	\$ 128,655	\$ 11,900	\$ 142,062,380

*General Obligation Bonds above in the annual maturity schedule includes Bond Anticipation Notes as well as General Obligation Bonds.

Revenue Bond

\$4,955,000 Water Revenue Bond, 2012C to USDA Rural Development, due in annual payments ranging from \$75,000 to \$205,000, plus interest at 2.75% through June 2052.

\$ 4,955,000

The future payments of the revenue bond are as follows:

Year Ending June 30	Principal	Interest
2014	\$ -	\$ 136,263
2015	76,000	136,263
2016	78,000	134,173
2017	80,000	132,028
2018	82,000	129,828
2019-2023	445,000	614,048
2024-2028	510,000	549,450
2029-2033	585,000	475,200
2034-2038	669,000	390,280
2039-2043	766,000	293,150
2044-2048	876,000	181,858
2049-2053	788,000	54,918
Total	<u>\$ 4,955,000</u>	<u>\$ 3,227,459</u>

The County is not in compliance with the covenants as to rates, fees, rentals and charges in Article III of the Bond Order, authorizing the issuance of the Water Revenue Bond, Series 2012C. Section 3.04 of the Bond Order requires the debt service coverage ratio to be no less than 110%. The debt service coverage ratio calculation for the year ended June 30, 2013, is as follows:

Operating revenues	\$ 415,213
Operating expenses*	683,713
Operating income	<u>(268,500)</u>
Nonoperating revenues (expenses)**	(13,271)
Income available for debt service	<u>(281,771)</u>
Debt service, principal and interest paid (Revenue Bond only)	\$ 85,941
Debt service coverage ratio	-327.87%

* Per rate covenants, this does not include the depreciation expense of \$13,033.

** Bond interest is currently capitalized as part of the project costs.

This was the first year of operations for the Water Treatment Plant. The covenants will be reviewed and examined to ensure that the County is in compliance going forward.

Advance Refundings

On September 14, 2010, the County issued \$4,985,000 of general obligation advance refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$5,000,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$296,911. This amount is being netted against the new debt and amortized over the life of the refunded debt, which has the same maturity as the old debt. This advance refunding was undertaken to reduce total debt service payments over the next 10 years by \$557,585, and resulted in an economic gain of \$260,674.

On June 12, 2012, the County issued \$25,860,000 of general obligation advance refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$25,000,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$860,000. This amount is being netted against the new debt and amortized over the life of the refunded debt, which has the same maturity as the old debt. This advance refunding was undertaken to reduce total debt service payments over the next 14 years by \$1,594,144, and resulted in an economic gain of \$1,390,811.

On October 10, 2012, the County issued \$22,330,000 of Water District Refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$23,462,000. This debt was issued at a premium of \$1,808,886, which is included in the net debt service and is being amortized over the term of the debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the business-type activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$369,941. This amount is netted against the new debt and amortized over the life of the refunded debt, which is the same as the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 31 years by \$4,593,729 and resulted in an economic gain of \$2,154,577.

Debt Related to Capital Activities - Of the total Governmental Activities debt listed, only \$3,240,777 relates to assets the County holds title. Unspent restricted cash related to this debt amounts to \$3,098,015.

Long-Term Obligation Activity:

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2013:

	Balance 7/1/2012	Additions	Retirements	Balance 6/30/2013	Current Portion of Balance
Governmental Activities:					
General Obligation Bonds	\$ 58,050,000	\$ -	\$ 4,265,000	\$ 53,785,000	\$ 4,265,000
Installment Note	2,700,359	-	406,277	2,294,082	620,383
Capital Leases	-	946,695	-	946,695	249,580
Unamortized Bond Premium	3,245,588	-	247,243	2,998,345	247,243
Unfunded Pension Obligation	433,544	57,615	-	491,159	-
Other Postemployment Benefits	3,931,099	801,981	-	4,733,080	-
Compensated Absences	1,415,741	54,627	-	1,470,368	-
Total	\$ 69,776,331	\$ 1,860,918	\$ 4,918,520	\$ 66,718,729	\$ 5,382,206
Business-type Activities:					
General Obligation Debt	\$ 23,462,000	\$ 39,830,000	\$ 24,107,000	\$ 39,185,000	\$ 360,000
Limited Obligation Debt	-	22,330,000	645,000	21,685,000	360,000
Bond Anticipation Notes	22,455,000	-	22,455,000	-	-
Revenue Bond	-	4,955,000	-	4,955,000	-
Mortgage Note	135,170	-	6,515	128,655	6,580
Installment Note	491,620	-	90,528	401,092	94,268
Unamortized Premium	-	1,808,886	56,528	1,752,358	56,528
Other Postemployment Benefits	188,700	59,439	-	248,139	-
Compensated Absences	46,436	4,697	-	51,133	-
Total	\$ 46,778,926	\$ 68,988,022	\$ 47,360,571	\$ 68,406,377	\$ 877,376

Conduit Debt Obligations

The Industrial Authority has issued industrial revenue bonds to provide financial assistance to private business for economic development purposes. These bonds are secured by the properties financed, as well as letters of credit, and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2013, there were no industrial revenue bonds outstanding.

Other

The County's legal debt margin at June 30, 2013, approximates \$450,398,270. Bonds authorized but unissued at June 30, 2013, are as follows:

Scott's Hill Water & Sewer District General Obligation Bonds	\$ 1,289,000
Moore's Creek Water & Sewer General Obligation Bonds	45,000,000
Central Water & Sewer District General Obligation Bonds	27,000,000
Total Bonds Authorized but unissued	\$ 73,289,000

C. Interfund Balances and Activity

Interfund Receivables and Payables

Amounts classified on the balance sheet as "Due from other funds" and "Due to other funds" at June 30, 2013, include the following interfund gross receivables and payables:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 4,470,418	\$ -
Maple Hill Water Fund	12,568	-
Sewer Fund	24,507	-
Rocky Point / Topsail Water & Sewer	678,906	37,075
Scott's Hill Water & Sewer	-	678,906
Water Treatment Plant	-	1,577,179
Waste Water Treatment Plant	-	2,893,239
	<hr/>	<hr/>
Total	\$ 5,186,399	\$ 5,186,399

The County Board is currently in discussion as to whether the Water Treatment Plant and Waste Water Treatment Plant will be required to pay back the amount recorded as a Due to the General Fund and to Rocky Point / Topsail Water and Sewer District. Money was originally set aside as seed money, and some administrations treated funding as loans. The board will decide the proper treatment and either transfer the money from the General Fund or create a repayment plan based on the Board's decision.

Interfund Transfers

Interfund transfers and transfers from component unit during the year ended June 30, 2013, can be summarized as follows:

From the General fund to the Public School Capital fund to fund School Capital Projects.	\$ 5,801,402
From the General fund to the Worker's Comp fund to pay workers compensation premiums.	375,000
From the General fund to the Reassessment fund to provide resources.	125,000
From the General fund to the Domestic Violence Grant fund to close out fund.	56,635
From the General fund to the Giant Salvinia Eradication fund to close out fund.	2,792
From the General fund to the HPRP Grant fund to close out fund.	4,863
From the General fund to the 2005 CHAF fund to close out fund.	17
From the CDBG 2002 Scatted Sites fund to the General Fund close out fund.	2,767
From the CDBG 2004 Concentrated Needs fund to the General Fund close out fund.	2,636
	<hr/>
	\$ 6,371,112

All interfund receivables and payables resulted from transfers used to supplement other funding sources.

D. Fund Balance

Pender County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, and county funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it's in the best interest of the County.

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

Total Fund Balance - General Fund	\$ 29,248,507
Less:	
Stabilization by State statute	12,004,901
Health Department Escrow	709,524
Sheriff's Seizures	290,325
Tax Revaluation	259,251
Automation Enhancement and Preservation	285,536
Appropriated Fund Balance in 2013 Budget	3,847,449
Working Capital / Fund Balance Policy	<u>10,357,199</u>
Remaining Fund Balance	<u><u>1,494,322</u></u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The General Fund had outstanding encumbrances of \$338,923.

Pender County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 30% of budgeted expenditures. However, effective October 21, 2013, they changed the policy to 20%, which is the percentage used in the above calculation. The County was in compliance with the 20% requirement at June 30, 2013. Per the policy, they have 36 months to reinstate the fund balance to meet the 20% requirement if they fail to obtain the stated amount of available fund balance.

NOTE 4: Joint Venture

The County, in conjunction with the State of North Carolina, New Hanover County and the Pender County and New Hanover County Boards of Education, participates in a joint venture to operate Cape Fear Community College. Each of the three participants appoints four members of the thirteen-member board of trustees of the Community College. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the community college's operations. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$225,000 to the Community College operating purposes during the fiscal year ended June 30, 2013. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2013. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at 321 North Front Street, Wilmington, North Carolina 28401.

The County, in conjunction with New Hanover and Brunswick Counties, participates in a joint venture to operate Southeastern Center for Mental Health Development Disabilities, and Substance Abuse Services (Center). Each of the Counties appoints three Board members. The Center is not considered a component unit of any other government. The County has ongoing responsibility for the Center or would otherwise have to provide mental health services itself. The County contributed \$156,000 to the Center during the year ended June 30, 2013, and provides the Center use of space at its government complex center in Burgaw. The County has no equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2013. Complete copies of the Center's financial statements may be obtained at the Center's administrative offices on South 17th Street in Wilmington, North Carolina.

NOTE 5: Related Organizations

The County commissioners are responsible for appointing the members of the Industrial Pollution Control and Financing Authority, but the County's accountability for this organization does not extend beyond making these appointments. The Authority exists to aid in the financing of industrial and manufacturing facilities in the area for the general economic benefit of the area. As of June 30, 2013, the Authority has no debt issues outstanding.

NOTE 6: Jointly Governed Organizations

The County, in conjunction with other counties and municipalities, established the Cape Fear Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$21,203 to the Council during the fiscal year ended June 30, 2013.

The County, along with the City of Wilmington and four other counties in southeastern North Carolina established the Lower Cape Fear Water and Sewer Authority (Authority). The Authority was formed to help facilitate water and sewer services in southeastern North Carolina. Pender County Commissioners appoint two of thirteen members of the Authority's Board of Directors. The County paid its annual system development charge in the amount of \$109,719 to the Authority during the year ended June 30, 2013. The balance due to the Authority at June 30, 2013 is \$381,901.

NOTE 7: Supplemental and Additional Supplemental One-Half of One Percent Local Government Sales and Use Tax

State law (Chapter 105, Article 40 and 42, of the North Carolina General Statutes) requires the County to use a portion of the proceeds of its supplemental and additional supplemental sales tax, or local option sales taxes, for the public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 2013, the County reported these local option sales taxes with its General Fund. The County expended the restricted portion of these taxes for public school capital outlays.

NOTE 8: Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State moneys. County personnel are involved with certain functions, primarily eligibility determinations, that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients that do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families	322,244	-
Medicaid	39,787,091	22,214,047
Energy Assistance	132,662	-
Adult Assistance	-	336,193

NOTE 9: Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

NOTE 10: Change in Accounting Principles / Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and Statement 65, Items Previously reported as Assets and Liabilities, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources. Bond issuance costs, which were previously deferred and amortized must be included in current expenditures.

NOTE 11: Prior Period Adjustment

There was a prior period adjustment in the Domestic Violence Grant Fund for \$14,635 to clear out old accounts receivable balances.

REQUIRED
SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally accepted accounting principals.

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separatin Allowance
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Notes to the Required Schedules for the Other Postemployment Benefits

Pender County, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/2005	\$ -	\$ 297,699	\$ 297,699	0.00%	\$ 1,488,838	20.00%
12/31/2006	\$ -	\$ 292,912	\$ 292,912	0.00%	\$ 1,545,765	18.95%
12/31/2007	\$ -	\$ 347,378	\$ 347,378	0.00%	\$ 1,643,950	21.13%
12/31/2008	\$ -	\$ 361,521	\$ 361,521	0.00%	\$ 2,128,149	16.99%
12/31/2009	\$ -	\$ 513,679	\$ 513,679	0.00%	\$ 2,135,467	24.05%
12/31/2010	\$ -	\$ 483,372	\$ 483,372	0.00%	\$ 2,071,322	23.34%
12/31/2011	\$ -	\$ 485,848	\$ 485,848	0.00%	\$ 2,309,593	21.04%
12/31/2012	\$ -	\$ 531,578	\$ 531,578	0.00%	\$ 2,347,222	22.65%

Pender County, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage of APC Contributed	Net Pension Obligation End of Year
2006	\$ 40,514	57.67%	\$ 170,316
2007	\$ 40,206	28.12%	\$ 199,218
2008	\$ 42,998	28.12%	\$ 230,912
2009	\$ 48,958	25.66%	\$ 267,309
2010	\$ 54,183	18.47%	\$ 311,485
2011	\$ 72,403	10.25%	\$ 376,469
2012	\$ 64,219	11.12%	\$ 433,544
2013	\$ 67,049	14.07%	\$ 491,159

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level % of pay closed
Remaining amortization period	18 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25 to 7.85 %
*Includes inflation at	3.00%
Cost-of living adjustments	N/A

**Pender County, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/2008	\$ -	\$ 9,250,385	\$ 9,250,385	0.00%	\$ 12,737,378	72.62%
12/31/2010	\$ -	\$ 8,009,338	\$ 8,009,338	0.00%	\$ 12,994,710	61.64%
12/31/2012	\$ -	\$ 8,112,003	\$ 8,112,003	0.00%	\$ 13,978,699	58.03%

**Pender County, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Employer Contributions**

Year Ended June 30	Annual Required Contribution	Percentage of APC Contributed	Net Pension Obligation End of Year
2009	1,047,796	2.47%	1,022,468
2010	1,047,796	3.24%	2,036,287
2011	1,090,728	4.04%	3,082,985
2012	1,090,728	4.94%	4,119,799
2013	913,065	5.70%	4,981,219

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level % of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of Assets
Amortization factor	26.1695
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate	
Pre-Medicare trend rate	10.50% to 5.00 %
Post-Medicare trend rate	8.50% to 5.00%
Year of ultimate trend rate	2018
 *Includes inflation at	 3.00%

GENERAL FUND

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

Pender County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem Taxes	\$ 32,243,274	\$33,018,776	\$ 775,502
Other Taxes and Licenses	210,000	247,569	37,569
Unrestricted Intergovernmental Revenues	5,197,115	5,536,365	339,250
Restricted Intergovernmental Revenues	8,897,850	8,840,009	(57,841)
Permits and Fees	689,800	1,212,927	523,127
Sales and Services	355,463	302,167	(53,296)
Investment Earnings	25,000	28,638	3,638
Miscellaneous	20,000	94,602	74,602
Total Revenues	<u>\$ 47,638,502</u>	<u>\$49,281,053</u>	<u>\$ 1,642,551</u>
Expenditures			
General Government:			
Governing Body	\$ 141,521	\$ 128,500	\$ 13,021
County Manager	239,424	220,572	18,852
Human Resources	159,519	140,116	19,403
Board of Elections	286,805	310,873	(24,068)
Finance	319,999	317,506	2,493
Information Systems	966,016	829,059	136,957
Tax Administrator	693,571	575,986	117,585
Tax Collections	480,999	482,911	(1,912)
AE&P Fund	58,200	56,400	1,800
Register of Deeds	263,727	259,448	4,279
Public Buildings	1,534,261	1,510,512	23,749
Court Facilities	24,500	39,423	(14,923)
Nondepartmental	983,500	947,066	36,434
County Attorney	77,564	55,747	21,817
Vehicle Maintenance	392,009	427,657	(35,648)
Contingency	392,730	181,088	211,642
Total General Government	<u>\$ 7,014,345</u>	<u>\$ 6,482,864</u>	<u>\$ 531,481</u>
Public safety:			
Sheriff	\$ 4,271,151	\$ 5,282,801	\$ (1,011,650)
Jail	2,009,416	1,924,848	84,568
CJPP - Pretrial Release Program	-	-	-
Animal Control	363,751	406,187	(42,436)
Emergency Management	366,555	343,008	23,547
Forest Resources	230,000	188,059	41,941
Sheriff Seizure	125,800	114,970	10,830
SHSG Program 10/11	-	-	-
Medical Examiner	75,000	35,585	39,415
Total Public Safety	<u>\$ 7,441,673</u>	<u>\$ 8,295,458</u>	<u>\$ (853,785)</u>
Economic and Physical Development:			
Extension Service	\$ 135,364	\$ 129,120	\$ 6,244
Planning	885,545	862,969	22,576
Tourism Office	135,014	134,984	30
Option 4 Payments	265,331	381,038	(115,707)
Outside Agencies	501,374	482,531	18,843
Total Economic and Physical Develop	<u>\$ 1,922,628</u>	<u>\$ 1,990,642</u>	<u>\$ (68,014)</u>

Pender County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Human services:			
Health Department	\$ 4,098,944	\$ 4,065,420	\$ 33,524
Mosquito Control	266,855	238,246	28,609
Public Assistance	9,897,899	9,625,369	272,530
Veterans Services	89,723	105,717	(15,994)
Mental Health	20,000	11,841	8,159
Hurricanes	-	328	(328)
EDTAP Transportation	171,000	149,080	21,920
Outside Agencies	524,600	524,600	-
Total Human Services	<u>\$ 15,069,021</u>	<u>\$14,720,601</u>	<u>\$ 348,420</u>
Cultural and recreational:			
Library	\$ 786,451	\$ 748,720	\$ 37,731
Recreational	536,726	439,389	97,337
Outside Agencies	4,000	9,000	(5,000)
Total Cultural and Recreational	<u>\$ 1,327,177</u>	<u>\$ 1,197,109</u>	<u>\$ 130,068</u>
Education:			
Pender County Schools:			
Current Operating - County	\$ 13,248,924	\$13,254,813	\$ (5,889)
Youth Alternatives	113,632	210,775	(97,143)
Outside Agencies	-	-	-
Total Education	<u>\$ 13,362,556</u>	<u>\$13,465,588</u>	<u>\$ (103,032)</u>
Debt service:			
Principal	\$ 80,000	\$ 80,000	\$ -
Interest	22,825	9,720	13,105
Total Debt Service	<u>\$ 102,825</u>	<u>\$ 89,720</u>	<u>\$ 13,105</u>
Total Expenditures	<u>\$ 46,240,225</u>	<u>\$46,241,982</u>	<u>\$ (1,757)</u>
Revenue Over Expenditures	<u>\$ 1,398,277</u>	<u>\$ 3,039,071</u>	<u>\$ 1,640,794</u>
Other Financing Sources (Uses):			
Lease Proceeds	\$ -	\$ 946,695	\$ 946,695
Transfer from (to) other funds:			
Capital Project Fund	(1,675,000)	-	1,675,000
Public School Capital	(2,858,695)	(5,801,402)	(2,942,707)
Revaluation	(125,000)	(125,000)	-
Vehicle Replacement	(250,000)	(250,000)	-
Workers Comp Fund	(375,000)	(375,000)	-
Domestic Violence Grant Fund	-	(56,635)	(56,635)
Giant Salvinia Eradication	-	(2,792)	(2,792)
HPRP Grant	-	(4,863)	(4,863)
2005 CHAF	-	(17)	(17)
CDBG 2002 Scattered Sites	-	2,767	2,767
CDBG 2004 Concentrated Needs	-	2,636	2,636
Appropriated Fund Balance	3,885,418	-	(3,885,418)
Total Other Financing (Uses)	<u>\$ (1,398,277)</u>	<u>\$ (5,663,611)</u>	<u>\$ (4,265,334)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (2,624,540)</u>	<u>\$ (2,624,540)</u>
Fund balance, beginning		<u>31,613,796</u>	
Fund balance, ending		<u>\$28,989,256</u>	

Pender County, North Carolina
Revaluation Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Interest Income	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
General Government	\$ -	\$ -	\$ -
Capital Outlay	-	-	-
Reserves	125,000	-	125,000
Total expenditures	<u>\$ 125,000</u>	<u>\$ -</u>	<u>\$ 125,000</u>
Revenues over expenditures	<u>\$ (125,000)</u>	<u>\$ -</u>	<u>\$ 125,000</u>
Other financing sources (uses):			
Appropriated fund balance	\$ -	\$ -	\$ -
Transfer from:			
General Fund	125,000	125,000	-
Total Other Financing Sources (Uses)	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ -</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ 125,000</u>
Fund balance, beginning		<u>134,251</u>	
Fund balance, ending		<u>\$ 259,251</u>	

OTHER MAJOR GOVERNMENTAL FUNDS

Major Governmental Funds - School Capital Project Fund

Pender County, North Carolina
School Capital Project Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Other Taxes - Sales	\$ 2,365,000	\$ 2,537,948	\$ 172,948
Public School Building Capital Fund	-	-	-
Interest Earned	-	-	-
Lottery Funds	700,000	-	(700,000)
Total Revenues	<u>\$ 3,065,000</u>	<u>\$ 2,537,948</u>	<u>\$ (527,052)</u>
Expenditures			
General Government	\$ -	\$ -	\$ -
Education	1,110,000	1,110,000	-
Option 4 Redistribution	130,928	191,316	(60,388)
Debt Service Payment	4,265,000	4,265,000	-
Interest Expense	1,848,425	1,945,702	(97,277)
Total Expenditures	<u>\$ 7,354,353</u>	<u>\$ 7,512,018</u>	<u>\$ (157,665)</u>
Excess Revenue Over (Under) Expenditures	\$ (4,289,353)	\$ (4,974,070)	\$ (684,717)
Other financing sources (uses)			
Transfers from (to):			
General Fund	\$ 2,745,261	\$ 5,801,402	\$ 3,056,141
School Capital Project	-	-	-
Proceeds from Refund of Bonds	-	-	-
Payment on Refunded Bonds	-	-	-
Premium on Refunded Bonds	-	-	-
Deferred Charges on Refunded Bonds	-	-	-
Fund Balance Appropriated	1,544,092	-	(1,544,092)
Total other financing sources (uses)	<u>\$ 4,289,353</u>	<u>\$ 5,801,402</u>	<u>\$ 1,512,049</u>
Revenues and other financing sources over uses	<u>\$ -</u>	<u>\$ 827,332</u>	<u>\$ 827,332</u>
Fund balance, beginning		<u>(827,332)</u>	
Fund balance, ending		<u>\$ -</u>	

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Pender County, North Carolina
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2013**

	Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 414,218	\$ 2,419,446	\$ 2,833,664
Taxes receivable (net)	407,885	-	407,885
Due from other governments	44	266,267	266,311
Other Receivables	22,215	-	22,215
Restricted Cash	-	3,098,015	3,098,015
Total assets	<u>\$ 844,362</u>	<u>\$ 5,783,728</u>	<u>\$ 6,628,090</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Advance funding of projects	\$ 436,670	\$ -	\$ 436,670
Accounts payable and accrued liabilities	35,092	114,877	149,969
Due to other funds	-	-	-
Total liabilities	<u>471,762</u>	<u>114,877</u>	<u>586,639</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes receivable	407,885	-	407,885
Total deferred inflows of resources	<u>407,885</u>	<u>-</u>	<u>407,885</u>
Fund balances:			
Restricted:			
Public Safety	268,929	-	268,929
School Capital Projects	-	3,044,064	3,044,064
Committed:			
Capital Outlay and Improvements	-	2,624,787	2,624,787
Unassigned:	(304,214)	-	(304,214)
Total fund balances	<u>(35,285)</u>	<u>5,668,851</u>	<u>5,633,566</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 844,362</u>	<u>\$ 5,783,728</u>	<u>\$ 6,628,090</u>

Pender County, North Carolina
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2013

	Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
Revenues			
Ad valorem taxes	\$ 7,044,206	\$ -	\$ 7,044,206
Other taxes	-	-	-
Investment earnings	923	160	1,083
Unrestricted intergovernmental	241,643	-	241,643
Restricted Intergovernmental	525,591	-	525,591
Loans	-	-	-
Donations	-	-	-
Local Match	-	-	-
Total revenues	<u>7,812,363</u>	<u>160</u>	<u>7,812,523</u>
Expenditures			
Current:			
General government	\$ -	\$ -	\$ -
Public safety	7,137,984	-	7,137,984
Economic and physical development	445,875	-	445,875
Education	-	582,490	582,490
Capital outlay	629,832	588,009	1,217,841
Other equipment	-	-	-
Titles/Tags/Tax	-	-	-
Option 4 redistribution	-	-	-
Debt service	-	-	-
Total expenditures	<u>8,213,691</u>	<u>1,170,499</u>	<u>9,384,190</u>
Revenues over (under) expenditures	<u>\$ (401,328)</u>	<u>\$ (1,170,339)</u>	<u>\$ (1,571,667)</u>
Other financing sources:			
Transfers in (out)	\$ 58,903	\$ 250,000	\$ 308,903
Notes Payable	-	-	-
Total other financing sources uses	<u>\$ 58,903</u>	<u>\$ 250,000</u>	<u>\$ 308,903</u>
Revenues and other financing sources over (under) expenditures	<u>\$ (342,425)</u>	<u>\$ (920,339)</u>	<u>\$ (1,262,764)</u>
Fund balances, beginning	<u>321,775</u>	<u>6,589,190</u>	<u>6,910,965</u>
Prior Period Adjustment (See NOTE 11)	(14,635)	-	(14,635)
Fund balances, ending	<u>\$ (35,285)</u>	<u>\$ 5,668,851</u>	<u>\$ 5,633,566</u>

Pender County, North Carolina
Special Revenue Funds
Combining Balance Sheet
June 30, 2013

	Fire Service District Fund	Rescue Districts Fund	911 Emergency Telephone Fund	Community Development Block Grant Fund	Seven Oaks	CDBG 2002-Scattered Sites	HWY 421 Industrial Park
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 414,218	\$ -	\$ -	\$ -	\$ -
Taxes receivable (net)	177,334	230,551	-	-	-	-	-
Due from other governments	-	-	44	-	-	-	-
Other Receivables	-	-	22,215	-	-	-	-
Total assets	<u>\$ 177,334</u>	<u>\$ 230,551</u>	<u>\$ 436,477</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Advance funding of projects	\$ 226,461	\$ 11,711	\$ 166,688	\$ -	\$ -	\$ -	\$ -
Accounts payable	32,397	640	860	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-
Total liabilities	<u>\$ 258,858</u>	<u>\$ 12,351</u>	<u>\$ 167,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES							
Taxes Receivable	\$ 177,334	\$ 230,551	\$ -	\$ -	\$ -	\$ -	\$ -
Total deferred inflows of resources	<u>\$ 177,334</u>	<u>\$ 230,551</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:							
Restricted:							
Stabilization by State Statute	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	-	-	268,929	-	-	-	-
Economic Development	-	-	-	-	-	-	-
Unassigned	(258,858)	(12,351)	-	-	-	-	-
Total fund balances	<u>\$ (258,858)</u>	<u>\$ (12,351)</u>	<u>\$ 268,929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 177,334</u>	<u>\$ 230,551</u>	<u>\$ 436,477</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

Pender County, North Carolina
Special Revenue Funds
Combining Balance Sheet
June 30, 2013

	CDBG 2004 Concentrated Needs	Domestic Violence Grant	Giant Salvinia Eradication	CDBG Scattered Sites	2005 CHAF #071-0-04	HPRP Grant	Totals June 30, 2013
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 414,218
Taxes receivable (net)	-	-	-	-	-	-	407,885
Due from other governments	-	-	-	-	-	-	44
Other Receivables	-	-	-	-	-	-	22,215
Total assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 844,362
LIABILITIES AND FUND BALANCES							
Liabilities:							
Advance funding of projects	\$ -	\$ -	\$ -	\$ 31,810	\$ -	\$ -	\$ 436,670
Accounts payable	-	-	-	1,195	-	-	35,092
Due to Other Funds	-	-	-	-	-	-	-
Total liabilities	\$ -	\$ -	\$ -	\$ 33,005	\$ -	\$ -	\$ 471,762
DEFERRED INFLOWS OF RESOURC							
Taxes Receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 407,885
Total deferred inflows of resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 407,885
Fund balances:							
Restricted:							
Stabilization by State Statute	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	-	-	-	-	-	-	268,929
Economic Development	-	-	-	-	-	-	-
Unassigned	-	-	-	(33,005)	-	-	(304,214)
Total fund balances	\$ -	\$ -	\$ -	\$ (33,005)	\$ -	\$ -	\$ (35,285)
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 844,362

Pender County, North Carolina
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Fiscal Year Ended June 30, 2013

	Fire Service District Fund	Rescue Districts Fund	911 Emergency Telephone Fund	Community Development Block Grant Fund	Seven Oaks	CDBG 2002-Scattered Sites	HWY 421 Industrial Park
Revenues							
Ad valorem taxes	\$ 2,871,790	\$ 4,172,416	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-	-
Restricted intergovernmental	-	-	-	-	-	-	-
Unrestricted intergovernmental	-	-	241,643	-	-	-	-
Investment earnings	-	-	923	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total revenues	\$ 2,871,790	\$ 4,172,416	\$ 242,566	\$ -	\$ -	\$ -	\$ -
Expenditures							
Current:							
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	2,898,245	3,910,388	329,351	-	-	-	-
Economic and Physical Develop	-	-	-	-	-	-	-
Capital Outlay	-	550,000	79,832	-	-	-	-
Option 4 Redistribution	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-
Total expenditures	\$ 2,898,245	\$ 4,460,388	\$ 409,183	\$ -	\$ -	\$ -	\$ -
Revenues over (under) expenditures	\$ (26,455)	\$ (287,972)	\$ (166,617)	\$ -	\$ -	\$ -	\$ -
Other financing sources:							
Transfers from:							
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers to:							
General Fund	-	-	-	-	-	(2,767)	-
Highway 117 Sewer Project	-	-	-	-	-	-	-
School Capital Project	-	-	-	-	-	-	-
Proceeds from Refund of Bonds	-	-	-	-	-	-	-
Payment on Refunded Bonds	-	-	-	-	-	-	-
Premium on Refunded Bonds	-	-	-	-	-	-	-
Total other fin. sources uses	-	-	-	-	-	(2,767)	-
Revenues and other financing sources over (under) expenditures	\$ (26,455)	\$ (287,972)	\$ (166,617)	\$ -	\$ -	(2,767)	\$ -
Fund Balances, beginning	(232,403)	275,621	435,546	-	-	2,767	-
Prior Period Adjustment	-	-	-	-	-	-	-
Fund Balances, ending	\$ (258,858)	\$ (12,351)	\$ 268,929	\$ -	\$ -	\$ -	\$ -

(continued)

**Pender County, North Carolina
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Fiscal Year Ended June 30, 2013**

	CDBG 2004 Concentrated Needs	Domestic Violence Grant	Giant Salvinia Eradication	CDBG Scattered Sites	2005 CHAF #71-0-04	HPRP Grant	Totals June 30, 2013
Revenues							
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,044,206
Other Taxes	-	-	-	-	-	-	-
Restricted intergovernmental	-	-	-	525,591	-	-	525,591
Unrestricted intergovernmental	-	-	-	-	-	-	241,643
Investment earnings	-	-	-	-	-	-	923
Miscellaneous	-	-	-	-	-	-	-
Total revenues	\$ -	\$ -	\$ -	\$ 525,591	\$ -	\$ -	\$ 7,812,363
Expenditures							
Current:							
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	-	-	-	-	-	-	7,137,984
Economic and Physical Develop	-	-	-	446,324	-	(449)	445,875
Capital Outlay	-	-	-	-	-	-	629,832
Option 4 Redistribution	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ 446,324	\$ -	\$ (449)	\$ 8,213,691
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ 79,267	\$ -	\$ 449	\$ (401,328)
Other financing sources:							
Transfers from:							
General Fund	\$ -	\$ 56,635	\$ 2,792	\$ -	\$ 17	\$ 4,863	\$ 64,307
Transfers to:							
General Fund	(2,637)	-	-	-	-	-	(5,404)
Highway 117 Sewer Project	-	-	-	-	-	-	-
School Capital Project	-	-	-	-	-	-	-
Proceeds from Refund of Bonds	-	-	-	-	-	-	-
Payment on Refunded Bonds	-	-	-	-	-	-	-
Premium on Refunded Bonds	-	-	-	-	-	-	-
Total other fin. sources uses	(2,637)	56,635	2,792	-	17	4,863	58,903
Revenues and other financing sources over (under) expenditures	\$ (2,637)	\$ 56,635	\$ 2,792	\$ 79,267	\$ 17	\$ 5,312	\$ (342,425)
Fund Balances, beginning	2,637	(42,000)	(2,792)	(112,272)	(17)	(5,312)	321,775
Prior Period Adjustment	-	(14,635)	-	-	-	-	(14,635)
Fund Balances, ending	\$ -	\$ -	\$ -	\$ (33,005)	\$ -	\$ -	\$ (35,285)

Pender County, North Carolina
County-Wide Fire Service District Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Budget	Actual	Variance Positive (Negative)
Revenues			
Ad Valorem Taxes - Fire District Taxes	\$ 2,780,618	\$ 2,871,790	\$ 91,172
Total revenues	<u>\$ 2,780,618</u>	<u>\$ 2,871,790</u>	<u>\$ 91,172</u>
Expenditures			
Public safety:			
Pender Central	\$ 226,756	\$ 234,583	\$ (7,827)
Sloop Point	564,919	574,362	(9,443)
Maple Hill	63,902	95,373	(31,471)
Rocky Point	374,234	387,299	(13,065)
Long Creek	271,859	276,906	(5,047)
Shiloh	129,167	131,658	(2,491)
Penderlea	150,640	155,509	(4,869)
Atkinson	139,149	140,761	(1,612)
Hampstead	575,375	608,452	(33,077)
County Wide Fire	-	28,251	(28,251)
Scotts Hill	112,175	88,870	23,305
Northeast Pender	160,283	162,780	(2,497)
Penderlea - Dublin Area	12,159	13,441	(1,282)
Total Expenditures	<u>\$ 2,780,618</u>	<u>\$ 2,898,245</u>	<u>\$ (117,627)</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ (26,455)</u>	<u>\$ (26,455)</u>
Other financing sources (uses):			
Transfer in (out)	\$ -	\$ -	\$ -
Fund Balance Appropriated	-	-	-
Total Other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (26,455)</u>	<u>\$ (26,455)</u>
Fund balance, beginning		<u>(232,403)</u>	
Fund balance, ending		<u>\$ (258,858)</u>	

Pender County, North Carolina
Rescue District Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes:			
Rescue District Taxes:			
Pender County EMS Taxes	\$ 3,910,388	\$ 4,172,307	\$ 261,919
Pender East Rescue	-	52	52
Pender County Rescue	-	36	36
Union	-	21	21
Surf City	-	-	-
Total revenues	<u>\$ 3,910,388</u>	<u>\$ 4,172,416</u>	<u>\$ 262,028</u>
Expenditures			
Current:			
Public safety:			
Pender Volunteer EMS & Rescue	\$ 3,910,388	\$ 3,910,388	\$ -
Agreement with Pender EMS	285,000	550,000	(265,000)
Total Expenditures	<u>\$ 4,195,388</u>	<u>\$ 4,460,388</u>	<u>\$ (265,000)</u>
Revenues over expenditures	<u>\$ (285,000)</u>	<u>\$ (287,972)</u>	<u>\$ (2,972)</u>
Other financing sources (uses):			
Transfer from:			
General Fund	\$ -	\$ -	\$ -
Fund Balance Appropriated	285,000	-	(285,000)
Total Other financing sources (uses)	<u>\$ 285,000</u>	<u>\$ -</u>	<u>\$ (285,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (287,972)</u>	<u>\$ (287,972)</u>
Fund balance, beginning		<u>275,621</u>	
Fund balance, ending		<u>\$ (12,351)</u>	

Pender County, North Carolina
911 Emergency Telephone Systems
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ 923	\$ 923
Unrestricted Intergovernmental	175,000	241,643	66,643
Total	<u>\$ 175,000</u>	<u>\$ 242,566</u>	<u>\$ 67,566</u>
Expenditures			
Salaries	\$ 73,220	\$ 70,274	\$ 2,946
Fringe Benefits	33,700	27,913	5,787
Training	5,000	3,982	1,018
Telephone	6,000	6,566	(566)
Supplies & Materials	13,600	11,421	2,179
Contracted Services	78,900	63,215	15,685
Telecommunication Service	150,000	129,525	20,475
Other Equipment	17,200	16,455	745
Capital Outlay	340,000	79,832	260,168
Total Expenditures	<u>\$ 717,620</u>	<u>\$ 409,183</u>	<u>\$ 308,437</u>
Revenues over expenditures	<u>\$ (542,620)</u>	<u>\$ (166,617)</u>	<u>\$ 376,003</u>
Other Financing Sources:			
Appropriated Fund Balance	\$ 542,620	\$ -	\$ (542,620)
Transfer from (to) general fund	-	-	-
	<u>\$ 542,620</u>	<u>\$ -</u>	<u>\$ (542,620)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (166,617)</u>	<u>\$ (166,617)</u>
Fund balance, beginning		<u>435,546</u>	
Fund balance, ending		<u>\$ 268,929</u>	

Pender County, North Carolina
Community Development Block Grant Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2013

	Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Revenue				
Restricted Intergovernmental	\$ 1,821,760	\$ 525,904	\$ -	\$ 525,904
Project Revenues	176,142	7,041	-	7,041
Program Revenues	-	5,647	-	5,647
Investment Income	-	13,093	-	13,093
Total Revenue	<u>\$ 1,997,902</u>	<u>\$ 551,685</u>	<u>\$ -</u>	<u>\$ 551,685</u>
Expenditures				
Economic and Physical Development	<u>\$ 1,997,902</u>	<u>\$ 587,064</u>	<u>\$ -</u>	<u>\$ 587,064</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (35,379)</u>	<u>\$ -</u>	<u>\$ (35,379)</u>
Other financing sources (uses):				
Transfers from (to):				
General Fund	<u>\$ -</u>	<u>\$ 35,379</u>	<u>\$ -</u>	<u>\$ 35,379</u>
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 35,379</u>	<u>\$ -</u>	<u>\$ 35,379</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>	
Fund balance, ending			<u>\$ -</u>	

Pender County, North Carolina
Seven Oaks
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2013

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Restricted Intergovernmental Revenues	\$ 1,500,000	\$ 750,000	\$ -	\$ 750,000	\$ (750,000)
Loan Proceeds	987,908	-	-	-	(987,908)
Equity form CAHEC	3,625,956	424,619	-	424,619	(3,201,337)
Total Revenues	<u>\$ 6,113,864</u>	<u>\$ 1,174,619</u>	<u>\$ -</u>	<u>\$ 1,174,619</u>	<u>\$ (4,939,245)</u>
Expenditures					
Utilities	\$ 162,372	\$ 100	\$ -	\$ 100	\$ 162,272
Contracted Services	491,219	77,261	-	77,261	413,958
Reserves	241,730	17,056	-	17,056	224,674
Tax Credit Fees	53,108	-	-	-	53,108
Loan Closing Costs	206,902	2,137	-	2,137	204,765
Contingency	51,222	-	-	-	51,222
Capital Outlay	10,000	-	-	-	10,000
Construction	4,804,330	1,078,065	-	1,078,065	3,726,265
Land Purchase	125,000	-	-	-	125,000
Total Expenditures	<u>\$ 6,145,883</u>	<u>\$ 1,174,619</u>	<u>\$ -</u>	<u>\$ 1,174,619</u>	<u>\$ 4,971,264</u>
Excess Revenue Over (Under) Expenditures	<u>\$ (32,019)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,019</u>
Other financing sources (uses)					
Transfers from (to):					
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance Appropriated	32,019	-	-	-	(32,019)
Total other financing sources (uses)	<u>\$ 32,019</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (32,019)</u>
Revenues and other financing sources over uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ -</u>		

Pender County, North Carolina
CDBG 2002 Scattered Sites
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2013

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Actual	Total to Date	
Revenues					
Community Development Block Grant	\$ 600,000	\$ 600,000	\$ -	\$ 600,000	\$ -
Program Income	42,281	42,282	-	42,282	1
Total	<u>\$ 642,281</u>	<u>\$ 642,282</u>	<u>\$ -</u>	<u>\$ 642,282</u>	<u>\$ 1</u>
Expenditures					
Current:					
Clearance/Demolition	\$ 59,287	\$ 59,287	\$ -	\$ 59,287	\$ -
Relocation	403,932	401,915	-	401,915	2,017
Rehabilitation	135,520	134,771	-	134,771	749
Administration	43,542	43,542	-	43,542	-
Total Expenditures	<u>\$ 642,281</u>	<u>\$ 639,515</u>	<u>\$ -</u>	<u>\$ 639,515</u>	<u>\$ 2,766</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ 2,767</u>	<u>\$ -</u>	<u>\$ 2,767</u>	<u>\$ 2,767</u>
Other Financing Sources:					
Transfer to General Fund	\$ -	\$ -	\$ (2,767)	(2,767)	-
Appropriated Fund Balance	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,767)</u>	<u>\$ (2,767)</u>	<u>\$ -</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 2,767</u>	<u>\$ (2,767)</u>	<u>\$ 2,767</u>	<u>\$ 2,767</u>
Fund balance, beginning			<u>2,767</u>		
Fund balance, ending			<u>\$ -</u>		

Pender County, North Carolina
HWY 421 Industrial Park Study
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2013

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Actual	Total to Date	
Revenues					
Rural Center Capacity Bldg	\$ 40,000	\$ -	\$ -	\$ -	\$ (40,000)
Investment Earnings	-	7,762	-	7,762	7,762
Unrestricted Intergovernmental	-	-	-	-	-
Total	<u>\$ 40,000</u>	<u>\$ 7,762</u>	<u>\$ -</u>	<u>\$ 7,762</u>	<u>\$ (32,238)</u>
Expenditures					
Current:					
Supplies and Materials	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000
Contracted Services - Attorneys	5,000	-	-	-	5,000
Contracted Services - Engineers	19,500	12,262	-	12,262	7,238
Contracted Services - Planning	15,000	-	-	-	15,000
Total Expenditures	<u>\$ 44,500</u>	<u>\$ 12,262</u>	<u>\$ -</u>	<u>\$ 12,262</u>	<u>\$ 32,238</u>
Revenues over expenditures	<u>\$ (4,500)</u>	<u>\$ (4,500)</u>	<u>\$ -</u>	<u>\$ (4,500)</u>	<u>\$ -</u>
Other Financing Sources:					
Transfers from (to):					
Capital Improvement Project Fund	\$ 4,500	\$ 4,500	\$ -	\$ 4,500	\$ -
Appropriated Fund Balance	-	-	-	-	-
Total other financing sources (uses)	<u>\$ 4,500</u>	<u>\$ 4,500</u>	<u>\$ -</u>	<u>\$ 4,500</u>	<u>\$ -</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances, beginning			<u>-</u>		
Fund balances, ending			<u>\$ -</u>		

Pender County, North Carolina
CDBG 2004 Concentrated Needs
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2013

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Actual	Total to Date	
Revenues					
Community Development Fund	\$ 700,000	\$ 657,726	\$ -	\$ 657,726	\$ (42,274)
Unrestricted Intergovernmental	4,950	2,637	-	2,637	(2,313)
Total	<u>\$ 704,950</u>	<u>\$ 660,363</u>	<u>\$ -</u>	<u>\$ 660,363</u>	<u>\$ (44,587)</u>
Expenditures					
Current:					
Clearance/Demolition	\$ 48,000	\$ 39,419	\$ -	\$ 39,419	\$ 8,581
Relocation	434,000	397,283	-	397,283	36,717
Rehabilitation	68,950	63,101	-	63,101	5,849
Administration	59,000	57,090	-	57,090	1,910
L1 Administration	-	352	-	352	(352)
L1 Clearance	10,000	9,900	-	9,900	100
L1 Relocation	85,000	89,285	-	89,285	(4,285)
L1 Acquisition	-	1,296	-	1,296	(1,296)
Total Expenditures	<u>\$ 704,950</u>	<u>\$ 657,726</u>	<u>\$ -</u>	<u>\$ 657,726</u>	<u>\$ 47,224</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ 2,637</u>	<u>\$ -</u>	<u>\$ 2,637</u>	<u>\$ 2,637</u>
Other Financing Sources:					
Transfer to General Fund	\$ -	\$ -	\$ (2,637)	\$ (2,637)	\$ (2,637)
Appropriated Fund Balance	-	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,637)</u>	<u>\$ (2,637)</u>	<u>\$ (2,637)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 2,637</u>	<u>\$ (2,637)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>2,637</u>		
Fund balance, ending			<u>\$ -</u>		

Pender County, North Carolina
Domestic Violence Grant
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental Revenues	\$ -	\$ -	\$ -
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
Salaries	\$ -	\$ -	\$ -
Fringe Benefits	-	-	-
Travel	-	-	-
Supplies and Materials	-	-	-
Uniforms	-	-	-
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess Revenue Over (Under) Expenditures	\$ -	\$ -	\$ -
Other financing sources (uses)			
Transfers from (to):			
General Fund	\$ -	\$ 56,635	\$ (56,635)
Appropriated Fund Balance	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 56,635</u>	<u>\$ (56,635)</u>
Revenues and other financing sources over uses	<u>\$ -</u>	\$ 56,635	<u>\$ 56,635</u>
Fund balance, beginning		(42,000)	
Prior Period Adjustment		<u>(14,635)</u>	
Fund balance, ending		<u>\$ -</u>	

Pender County, North Carolina
Giant Salvinia Eradication
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2013

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Actual	Total to Date	
Revenues					
NFWF - Giant Salvinia Education	\$ 218,230	\$ 178,230	\$ -	\$ 178,230	\$ (40,000)
Total	\$ 218,230	\$ 178,230	\$ -	\$ 178,230	\$ (40,000)
Expenditures					
Current:					
Salaries	\$ 73,412	\$ 63,205	\$ -	\$ 63,205	\$ 10,207
FICA	5,698	4,836	-	4,836	862
Postage	489	327	-	327	162
Travel	19,726	12,617	-	12,617	7,109
Vehicle Repairs and Maintenance	2,400	186	-	186	2,214
Supplies and Materials	19,285	18,873	-	18,873	412
Supplies - Chemicals	29,331	28,514	-	28,514	817
Contracted Services	46,816	42,041	-	42,041	4,775
Training	5,850	2,967	-	2,967	2,883
Other Equipment	18,223	10,456	-	10,456	7,767
Total Expenditures	\$ 221,230	\$ 184,022	\$ -	\$ 184,022	\$ 37,208
Revenues over expenditures	\$ (3,000)	\$ (5,792)	\$ -	\$ (5,792)	\$ (2,792)
Other Financing Sources:					
Transfers from (to):					
General Fund	\$ 3,000	\$ 3,000	\$ 2,792	\$ 5,792	\$ 2,792
Appropriated Fund Balance	-	-	-	-	-
Total other financing sources (uses)	\$ 3,000	\$ 3,000	\$ 2,792	\$ 5,792	\$ 2,792
Revenues and Other Financing Sources					
Over (Under) Expenditures and Other Uses	\$ -	\$ (2,792)	\$ 2,792	\$ -	\$ -
Fund balance, beginning			(2,792)		
Fund balance, ending			\$ -		

Pender County, North Carolina
CDBG Scattered Sites
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2013

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Actual	Total to Date	
Revenues					
Community Development (08 Scattered Sites)	\$ 500,000	\$ 497,419	\$ -	\$ 497,419	\$ (2,581)
Community Development (10 ER Housing)	500,000	240,091	248,066	488,157	(11,843)
Community Development (11 CDBG)	-	-	231,025	231,025	231,025
Community Development (11-C-2279)	50,000	3,500	46,500	50,000	-
Community Development (Scattered)	400,000	398,647	-	398,647	(1,353)
Total	<u>\$ 1,450,000</u>	<u>\$ 1,139,657</u>	<u>\$ 525,591</u>	<u>\$ 1,665,248</u>	<u>\$ 215,248</u>
Expenditures					
Community Development (08 Scattered Sites)					
Clearance / Demolition	\$ 25,000	\$ 24,694	\$ -	\$ 24,694	\$ 306
Relocation	345,000	346,123	-	346,123	(1,123)
Rehabilitation	85,000	76,957	-	76,957	8,043
Administration	45,000	45,000	-	45,000	-
Total	<u>500,000</u>	<u>492,774</u>	<u>-</u>	<u>492,774</u>	<u>7,226</u>
Community Development (10 ER Housing)					
Clearance / Demolition	-	4,500	-	4,500	(4,500)
Rehabilitation	450,000	282,250	126,222	408,472	41,528
Administration	50,000	71,749	1,941	73,690	(23,690)
Total	<u>500,000</u>	<u>358,499</u>	<u>128,163</u>	<u>486,662</u>	<u>13,338</u>
Community Development (11 CDBG)					
Clearance / Demolition	-	-	20,499	20,499	(20,499)
Rehabilitation	-	-	187,335	187,335	(187,335)
Administration	-	-	60,327	60,327	(60,327)
Total	<u>-</u>	<u>-</u>	<u>268,161</u>	<u>268,161</u>	<u>(268,161)</u>
Community Development (Scattered)					
Clearance / Demolition	46,000	40,413	-	40,413	5,587
Relocation	230,000	265,564	-	265,564	(35,564)
Rehabilitation	84,000	51,266	-	51,266	32,734
Administration	36,500	36,413	-	36,413	87
Planning	3,500	3,500	-	3,500	-
Total	<u>400,000</u>	<u>397,156</u>	<u>-</u>	<u>397,156</u>	<u>2,844</u>
Community Development (11-C-2279)					
Administration	5,000	-	5,000	5,000	-
Planning	45,000	-	45,000	45,000	-
Total	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total Expenditures	<u>\$ 1,450,000</u>	<u>\$ 1,248,429</u>	<u>\$ 446,324</u>	<u>\$ 1,694,753</u>	<u>\$ (244,753)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (108,772)</u>	<u>\$ 79,267</u>	<u>\$ (29,505)</u>	<u>\$ (29,505)</u>
Other Financing Sources:					
Appropriated Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues and Other Financing Sources					
Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (108,772)</u>	<u>\$ 79,267</u>	<u>\$ (29,505)</u>	<u>\$ (29,505)</u>
Fund balance, beginning			(112,272)		
Fund balance, ending			<u>\$ (33,005)</u>		

Pender County, North Carolina
2005 CHAF #071-0-04
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2013

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Actual	Total to Date	
Revenues					
Crisis Housing Assistance	\$ 995,200	\$ 333,688		\$ 333,688	\$ (661,512)
Investment Income	-	8,153	-	8,153	8,153
Total	<u>\$ 995,200</u>	<u>\$ 341,841</u>	<u>\$ -</u>	<u>\$ 341,841</u>	<u>(653,359)</u>
Expenditures					
Current:					
Repair	\$ 114,400	\$ 102,937	\$ -	\$ 102,937	\$ 11,463
Replacements	805,300	163,930		163,930	641,370
Service Delivery	75,500	74,991	-	74,991	509
Total Expenditures	<u>\$ 995,200</u>	<u>\$ 341,858</u>	<u>\$ -</u>	<u>\$ 341,858</u>	<u>653,342</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ (17)</u>	<u>\$ -</u>	<u>\$ (17)</u>	<u>(17)</u>
Other Financing Sources:					
Transfer from General Fund	\$ -	\$ -	\$ 17	\$ 17	\$ 17
Appropriated Fund Balance	-	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ 17</u>	<u>\$ 17</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (17)</u>	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			(17)		
Fund balance, ending			<u>\$ -</u>		

Pender County, North Carolina
HPRP Grant
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2013

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Actual	Total to Date	
Revenues					
HPRP Grant	\$ 275,000	\$ 190,564	\$ -	\$ 190,564	\$ (84,436)
Investment Income	-	-	-	-	-
Total	<u>\$ 275,000</u>	<u>\$ 190,564</u>	<u>\$ -</u>	<u>\$ 190,564</u>	<u>(84,436)</u>
Expenditures					
Current:					
Salaries and Fringe Benefits	\$ 82,864	\$ 54,179	\$ -	\$ 54,179	\$ 28,685
Utilities	28,851	21,485	-	21,485	7,366
Utility Deposit	1,000	864	-	864	136
Security Deposit	10,541	10,340	-	10,340	201
Rent Assistance	150,138	107,810	(449)	107,361	42,777
Supplies and Materials	1,027	643	-	643	384
Contracted Services	568	555	-	555	13
Miscellaneous	11	-	-	-	11
Total Expenditures	<u>\$ 275,000</u>	<u>\$ 195,876</u>	<u>\$ (449)</u>	<u>\$ 195,427</u>	<u>\$ 79,573</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ (5,312)</u>	<u>\$ 449</u>	<u>\$ (4,863)</u>	<u>\$ (4,863)</u>
Other Financing Sources:					
Transfer from General Fund	\$ -	\$ -	\$ 4,863	\$ 4,863	\$ 4,863
Appropriated Fund Balance	-	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,863</u>	<u>\$ 4,863</u>	<u>\$ 4,863</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (5,312)</u>	<u>\$ 5,312</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			(5,312)		
Fund balance, ending			<u>\$ -</u>		

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds

Pender County, North Carolina
Capital Projects Funds
Combining Balance Sheets
June 30, 2013

	NON-MAJOR				Combining Totals June 30, 2013
	School Capital Project Fund	Vehicle Replacement Fund	Capital Improvements Fund	Capital Facilities Reserve Fund	
Assets					
Current Assets:					
Cash and Investments	\$ -	\$ 96,617	\$ 2,223,681	\$ 99,148	\$ 2,419,446
Due from other governments	826	856	264,585	-	266,267
Restricted cash	3,098,015				3,098,015
Total assets	<u>\$ 3,098,841</u>	<u>\$ 97,473</u>	<u>\$ 2,488,266</u>	<u>\$ 99,148</u>	<u>\$ 5,783,728</u>
Liabilities and Fund Balances					
Liabilities:					
Advance funding of projects	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	54,777	-	60,100	-	114,877
Due to other funds	-	-	-	-	-
Total liabilities	<u>\$ 54,777</u>	<u>\$ -</u>	<u>\$ 60,100</u>	<u>\$ -</u>	<u>\$ 114,877</u>
Fund balances:					
Restricted					
Stabilization by State Statute	\$ -	\$ -	\$ -	\$ -	\$ -
School Capital Projects	3,044,064	-	-	-	3,044,064
Committed:					
Capital Outlay and Improvements	-	97,473	2,428,166	99,148	2,624,787
Unassigned					
Total fund balances	<u>\$ 3,044,064</u>	<u>\$ 97,473</u>	<u>\$ 2,428,166</u>	<u>\$ 99,148</u>	<u>\$ 5,668,851</u>
Total liabilities and fund balances	<u>\$ 3,098,841</u>	<u>\$ 97,473</u>	<u>\$ 2,488,266</u>	<u>\$ 99,148</u>	<u>\$ 5,783,728</u>

Pender County, North Carolina
Capital Projects Fund
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2013

	NON-MAJOR				Combining Totals June 30, 2013
	School Capital Project Fund	Vehicle Replacement Fund	Capital Improvements Fund	Capital Facilities Reserve Fund	
Revenues					
Interest Income	\$ 160	\$ -	\$ -	\$ -	\$ 160
Restricted intergovernmental	-	-	-	-	-
Loans	-	-	-	-	-
Donations	-	-	-	-	-
Local Match	-	-	-	-	-
Total Revenue	<u>\$ 160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160</u>
Expenditures					
Capital Outlay	\$ -	\$ 12,276	\$ 575,733	\$ -	\$ 588,009
Other Equipment	-	-	-	-	-
Titles/Tags/Tax	-	-	-	-	-
Education	582,490	-	-	-	582,490
Total Expenditures	<u>\$ 582,490</u>	<u>\$ 12,276</u>	<u>\$ 575,733</u>	<u>\$ -</u>	<u>\$ 1,170,499</u>
Revenues over (under) expenditures	<u>\$ (582,330)</u>	<u>\$ (12,276)</u>	<u>\$ (575,733)</u>	<u>\$ -</u>	<u>\$ (1,170,339)</u>
Other financing sources (uses)					
Transfers from (to):					
General Fund	\$ -	\$ 250,000	\$ -	\$ -	\$ 250,000
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (582,330)</u>	<u>\$ 237,724</u>	<u>\$ (575,733)</u>	<u>\$ -</u>	<u>\$ (920,339)</u>
Fund balances, beginning	3,626,394	(140,251)	3,003,899	99,148	6,589,190
Fund balances, ending	<u>\$ 3,044,064</u>	<u>\$ 97,473</u>	<u>\$ 2,428,166</u>	<u>\$ 99,148</u>	<u>\$ 5,668,851</u>

Pender County, North Carolina
School Capital Project Fund - Capital Projects Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2013

	Project Author- ization	Actual			Total to Date	Variance Positive (Negative)
		Prior Years	Current Year	Closed Projects		
Revenues						
Other Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax Refund	500,000	820,142	-	-	820,142	320,142
Lottery Funds	1,518,876	1,518,876	-	-	1,518,876	-
PSBCF - State Revenue	1,545,815	1,545,816	-	-	1,545,816	1
Interest Income	2,071,803	1,541,480	160	-	1,541,640	(530,163)
Total revenues	\$ 5,636,494	\$ 5,426,314	\$ 160	\$ -	\$ 5,426,474	\$ (210,020)
Expenditures						
Intergovernmental:						
Schools:						
Burgaw Middle	\$ 227,517	\$ 689,517	\$ -	\$ -	\$ 689,517	\$ (462,000)
Topsail Middle	3,093,945	3,026,286	8,969	-	3,035,255	58,690
Pender High School	2,821,446	-	-	-	-	2,821,446
Burgaw Elementary Land	100,721	-	-	-	-	100,721
Burgaw Elementary Sch Add	5,977,888	5,976,942	-	-	5,976,942	946
Topsail High Land	1,510,017	1,510,017	-	-	1,510,017	-
Topsail High School	36,638,466	36,525,859	81,029	-	36,606,888	31,578
Central Topsail Elementary	750,000	734,980	15,786	-	750,766	(766)
Penderlea School	500,000	497,558	2,600	-	500,158	(158)
Rocky Point Primary School	1,929,000	1,778,083	125,765	-	1,903,848	25,152
West Pender Middle School	500,000	498,925	1,042	-	499,967	33
Performing Arts Center	6,793,914	6,268,992	346,649	-	6,615,641	178,273
Bond Closing Costs	160,000	178,494	-	-	178,494	(18,494)
Contract Service - Arbitrage	4,550	3,900	650	-	4,550	-
Interest Expenditures	87,161	-	-	-	-	87,161
Total Expenditures	\$ 61,094,625	\$ 57,689,553	\$ 582,490	\$ -	\$ 58,272,043	\$ 2,822,582
Revenues under expenditures	\$ (55,458,131)	\$ (52,263,239)	\$ (582,330)	\$ -	\$ (52,845,569)	\$ 2,612,562
Other financing sources (uses)						
Public School Capital Fd	\$ (252,319)	\$ -	\$ -	\$ -	\$ -	\$ 252,319
Premium on Debt Issued	426,319	426,319	-	-	426,319	-
Bond Proceeds	55,875,000	55,875,000	-	-	55,875,000	-
Reserve for Arbitrage	(590,869)	(585,686)	-	-	(585,686)	5,183
Public School Capital Fd	-	174,000	-	-	174,000	174,000
Fund Balance Appropriated	-	-	-	-	-	-
	\$ 55,458,131	\$ 55,889,633	\$ -	\$ -	\$ 55,889,633	\$ 431,502
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ 3,626,394	\$ (582,330)	\$ -	\$ 3,044,064	\$ 3,044,064
Fund balance, beginning			3,626,394			
Fund balance, ending			\$ 3,044,064			

Pender County, North Carolina
Vehicle Replacement Fund - Capital Project Fund
Statement of Revenue, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Budget	Actual	Variance Positive (Negative)
Revenues			
Proceeds From Vehicle Disposals	\$ -	\$ -	\$ -
Other Income	-	-	-
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
Capital Outlay - Vehicle	\$ 250,000	\$ 12,276	\$ 237,724
Other Equipment	-	-	-
Titles/tags/tax	-	-	-
Total Expenditures	<u>250,000</u>	<u>12,276</u>	<u>237,724</u>
Revenues under expenditures	<u>\$ (250,000)</u>	<u>\$ (12,276)</u>	<u>\$ 237,724</u>
Other financing sources (uses):			
Transfers from (to):			
General Fund	\$ 250,000	\$ 250,000	\$ -
Fund Balance Appropriated	-	-	-
Total financing sources (uses)	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ -</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 237,724</u>	<u>\$ 237,724</u>
Fund balances:			
Beginning of year, July 1		<u>(140,251)</u>	
End of year, June 30		<u>\$ 97,473</u>	

Pender County, North Carolina
Capital Improvements Fund - Capital Project Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental	\$ -	\$ -	\$ -
Sales tax refund	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
Capital Outlay:			
Undefined Projects	\$ -	\$ -	\$ -
Industrial Infrastructure Development	-	21,699	(21,699)
Parks & Recreation	-	6,667	(6,667)
Beach Renourishment	-	-	-
Pender Memorial Park	-	-	-
Hampstead District Park	-	-	-
Facilities Maintenance	-	-	-
Mill Creek (Phase 2) Dredging	-	-	-
Miller's Pond Park	-	-	-
Pender Progress Industrial Shell Building	13,105	13,304	(199)
Hampstead Kiwanis Park	-	1,200	(1,200)
Animal Shelter	-	-	-
Courthouse Sidewalk Replacement	125,000	129,330	(4,330)
York House Renovation	75,000	75,256	(256)
US 421 Property Acquisition	326,277	326,277	-
Jail Renovations	895,276	2,000	893,276
DSS Building	225,000	-	225,000
Total Expenditures	<u>\$ 1,659,658</u>	<u>\$ 575,733</u>	<u>\$ 1,083,925</u>
Revenues under expenditures	<u>\$ (1,659,658)</u>	<u>\$ (575,733)</u>	<u>\$ 1,083,925</u>
Other financing sources:			
Operating Transfer In (Out)			
General Fund	\$ 1,659,658	\$ -	\$ (1,659,658)
Appropriated Fund Balance	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 1,659,658</u>	<u>\$ -</u>	<u>\$ (1,659,658)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ (575,733)</u>	<u>\$ (575,733)</u>
Fund balances:			
Beginning of year, July 1		<u>3,003,899</u>	
End of year, June 30		<u>\$ 2,428,166</u>	

Pender County, North Carolina
Capital Facilities Reserve Fund - Capital Projects Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2013

	Project Author- ization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Other financing sources:					
Operating Transfer In (Out)					
General Fund	\$ -	\$ 1,999,148	\$ -	\$ 1,999,148	\$1,999,148
Capital Improvements Fund	-	(1,900,000)	-	(1,900,000)	(1,900,000)
Total Other Fin. Sources (Uses)	-	99,148	-	99,148	99,148
Net change in fund balance	\$ -	\$ 99,148	\$ -	\$ 99,148	\$ 99,148
Fund balance, beginning			99,148		
Fund balance, ending			\$ 99,148		

PROPRIETARY FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

**Fender County, North Carolina
Proprietary Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For The Fiscal Year Ended June 30, 2013**

	MAJOR					NON-MAJOR					Totals
	Resource Recovery Fund	Rooky Point Water Fund	Water Treatment Plant	Maple Hill Water Fund	Sewer Fund	Section 8 Admin. Fund	County Court Apartments Fund	Scott's Hill Water & Sewer	Waste Water Treatment Plant		
Operating revenues:	\$ 4,025,732	\$ 3,136,924	\$ 415,213	\$ 170,943	\$ 803,640	\$ -	\$ -	\$ 240,750	\$ -	\$ 8,793,202	
Charges for services	-	-	-	-	-	-	-	-	-	-	
Del-lab fees	-	-	-	-	-	-	-	-	-	-	
Dwelling Rental	-	-	-	-	-	-	42,657	-	-	42,657	
Sales tax refund	467	-	-	2,475	-	-	-	-	-	2,942	
Other operating revenues	4,026,199	3,136,924	415,213	173,418	803,640	-	42,657	240,750	-	8,838,841	
Total operating revenues											
Operating expenses:											
Personnel	187,170	603,293	323,813	67,095	-	114,998	-	20,546	-	1,316,915	
Contracted Services	3,949,500	310,220	61,106	16,278	-	-	18,205	225	-	4,355,534	
Water Purchases	-	734,598	-	36,217	-	-	-	18,696	-	789,511	
System Maintenance / Other Operating Costs	47,835	338,695	206,500	55,755	12,520	18,852	29,094	12,157	-	721,408	
Administration and Housing Assistance	362,559	-	-	-	-	1,105,263	-	-	-	1,105,263	
Other Equipment	8,894	25,716	15,221	3,164	-	5,520	-	924	-	362,559	
OPEB Expense	23,205	232,180	13,033	29,609	6,283	4,061	7,710	24,900	302,421	643,402	
Depreciation	4,579,163	2,244,702	619,673	208,118	18,803	1,248,694	55,009	77,448	302,421	9,354,031	
Total operating expenses											
Operating income	(552,964)	892,222	(204,460)	(34,700)	784,837	(1,248,694)	(12,312)	163,302	(302,421)	(515,190)	
Nonoperating revenues (expenses):											
Capital Contributions	-	-	3,061,972	-	-	-	-	-	-	4,536,699	
Interest and Investment revenue	-	467	2,583	1,474,727	-	44	56	1,644	-	579,376	
Fraud recovery	-	-	-	-	-	5,416	-	-	-	5,416	
White Goods	9,053	-	-	-	-	-	-	-	-	9,053	
Scrap Tire	67,446	-	-	-	-	-	-	-	-	67,446	
Solid Waste Disposal Tax	43,141	-	-	-	-	-	-	-	-	43,141	
Reimbursements from School	270,608	-	-	-	-	-	-	-	-	270,608	
Scrap Tire - DEHN Grant	4,806	-	-	-	-	-	-	-	-	4,806	
Operating Subsidy - HUD	-	-	-	-	-	1,102,803	-	-	-	1,102,803	
Miscellaneous Revenue	-	-	-	-	-	68,898	-	-	-	68,898	
Bond Issuance Cost	-	(265,096)	-	(2,985)	-	-	-	(34,944)	-	(303,025)	
Interest and other charges	-	(455,692)	(15,854)	(4,254)	-	-	-	(70,685)	-	(1,121,267)	
Total Nonoperating Revenues (Expenses)	395,054	(720,321)	3,048,701	1,467,488	-	1,177,161	56	(103,985)	-	5,264,154	
Revenues over (under) expenditures	(157,910)	171,901	2,844,241	1,432,788	784,837	(71,533)	(12,256)	59,317	(302,421)	4,748,964	
Other financing sources (uses):											
Transfers from (to):	-	-	-	-	-	-	-	-	-	-	
General Fund	-	-	-	-	-	-	-	-	-	-	
Total other financing sources (uses)											
Change in net position	(157,910)	171,901	2,844,241	1,432,788	784,837	(71,533)	(12,256)	59,317	(302,421)	4,748,964	
Total net position, beginning	1,456,984	10,214,719	4,159,240	3,521,819	1,639,350	281,150	92,747	31,672	3,063,788	24,461,469	
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-	
Total net position, ending	\$ 1,299,074	\$ 10,386,620	\$ 7,003,481	\$ 4,954,607	\$ 2,424,187	\$ 209,617	\$ 80,491	\$ 90,989	\$ 2,761,367	\$ 29,210,433	

Pender County, North Carolina
Resource Recovery Operating Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Landfill Fees	\$ 1,100,000	\$ 990,148	\$ (109,852)
User Fees	2,950,000	2,963,873	13,873
Recycling	50,000	71,711	21,711
Disposal Tax	-	-	-
Miscellaneous Revenues	75,000	467	(74,533)
Total Revenues	<u>4,175,000</u>	<u>4,026,199</u>	<u>(148,801)</u>
Expenditures			
Salaries & Employee Benefits	193,905	187,170	6,735
Contracted Services	3,961,563	4,238,672	(277,109)
Other Operating Expenditures	46,526	47,835	(1,309)
Capital Outlay	370,000	73,387	296,613
Total Expenditures	<u>4,571,994</u>	<u>4,547,064</u>	<u>24,930</u>
Revenues over (under) expenditures	<u>(396,994)</u>	<u>(520,865)</u>	<u>(123,871)</u>
Other financing sources (uses):			
White Goods	12,500	9,053	(3,447)
Scrap Tire	55,750	67,446	11,696
Solid Waste Disposal Tax	28,250	43,141	14,891
Reimbursement from Schools	276,000	270,608	(5,392)
Scrap Tire - DEHNR Grant	-	4,806	4,806
Fund Balance Appropriated	24,494	-	(24,494)
Total other financing sources (uses)	<u>396,994</u>	<u>395,054</u>	<u>(1,940)</u>
Revenues and Other Financing Sources			
Over/(Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (125,811)</u>	<u>\$ (125,811)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ (125,811)</u>	
Reconciling items:			
Capital Outlay Expenditures		-	
OPEB Expense		(8,894)	
Depreciation Expense		(23,205)	
Total reconciling items		<u>(32,099)</u>	
Change in net position		<u>\$ (157,910)</u>	

Pender County, North Carolina
Rocky Point / Topsail Water & Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
School Fees - Sewer	\$ 31,000	\$ 13,617	\$ (17,383)
Commercial Sewer Fees	85,895	65,800	(20,095)
Water Fees	2,660,000	2,915,178	255,178
Connections Fees - Water	92,000	142,079	50,079
Other Fees	573,130	250	(572,880)
Total Revenues	<u>3,442,025</u>	<u>3,136,924</u>	<u>(305,101)</u>
Expenditures			
Sewer Operations			
Salaries & Benefits	41,595	36,510	5,085
Contracted Services	52,300	51,786	514
Other Operating Expenditures	23,000	20,337	2,663
Capital Outlay	-	-	-
Total	<u>116,895</u>	<u>108,633</u>	<u>8,262</u>
Water Operations			
Salaries & Benefits	594,358	566,783	27,575
Contracted Services	273,819	258,434	15,385
Water Purchases	892,293	734,598	157,695
Other Operating Expenditures	299,500	318,358	(18,858)
Capital Outlay	50,000	40,700	9,300
Debt Service Payments:			
Principal	299,500	575,000	(275,500)
Bond Issuance Cost	-	265,096	(265,096)
Interest	915,660	504,898	410,762
Total	<u>3,325,130</u>	<u>3,263,867</u>	<u>61,263</u>
Revenues over (under) expenditures	<u>-</u>	<u>(235,576)</u>	<u>(235,576)</u>
Other financing sources (uses):			
Transfer from general fund	-	-	-
Refunding bonds issued	-	19,535,000	19,535,000
Premium	-	1,574,788	1,574,788
Payment to bond holders	-	(20,515,500)	(20,515,500)
Fund Balance Appropriated	-	-	-
Total Other Financing Sources	<u>-</u>	<u>594,288</u>	<u>594,288</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 358,712</u>	<u>\$ 358,712</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		\$ 358,712	
Reconciling items:			
Refunding bonds issued		(19,535,000)	
Premium		(1,574,788)	
Payment to bond holders		20,515,500	
Depreciation		(232,180)	
Long Term Debt Repayments		575,000	
Capital Outlay		40,700	
OPEB Expense		(25,716)	
Amortized Bond Premium		49,206	
Investment Income (Exhibit E-4a, E-4b, E-4c)		467	
Change in net position		<u>\$ 171,901</u>	

Pender County, North Carolina
Rocky Point Water Fund - Phase III Capital Project Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2013

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
Revenues					
USDA Rural Development - Loan	\$ 5,723,000	\$ 5,723,000	\$ -	\$ 5,723,000	\$ -
USDA Rural Development - Grant	3,680,500	3,680,500	-	3,680,500	-
Investment Income	2,627	46,651	-	46,651	44,024
Premium on Debt Issued	-	57,876	-	57,876	57,876
Sales Tax Refund	-	168,212	-	168,212	168,212
Total Revenues	9,406,127	9,676,239	-	9,676,239	270,112
Expenditures					
Contracted Services	845,107	421,175	-	421,175	423,932
Construction	8,123,949	5,464,244	-	5,464,244	2,659,705
Interest During Construction	527,702	842,694	-	842,694	(314,992)
Contingency	33,492	350	-	350	33,142
Reserve for Arbitrage	2,627	8,700	-	8,700	(6,073)
Other	12,750	1,004	-	1,004	11,746
Total Expenditures	9,545,627	6,738,167	-	6,738,167	2,807,460
Revenues over (under) expenditures	(139,500)	2,938,072	-	2,938,072	3,077,572
Other financing sources (uses):					
Donations	53,000	53,000	-	53,000	-
Bond Principal	-	-	-	-	-
Transfer from (to):					
Rocky Point Water & Sewer	86,500	86,500	-	86,500	-
Total other financing sources (uses)	139,500	139,500	-	139,500	-
Revenues and other financing sources over expenditures and other financing uses	\$ -	\$ 3,077,572	\$ -	\$ 3,077,572	\$ 3,077,572

Pender County, North Carolina
Rocky Point Water Fund - Phase IV Capital Project Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2013

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues					
USDA Rural Development - Loan	\$ 1,529,000	\$ 1,529,000	\$ -	\$ 1,529,000	\$ -
USDA Rural Development - Grant	1,094,000	174,900	-	174,900	(919,100)
Connection Fees	30,000	-	-	-	(30,000)
Premium on Debt Issued	-	2,150	-	2,150	2,150
Investment Income	-	78,971	59	79,030	79,030
Total Revenues	<u>2,653,000</u>	<u>1,785,021</u>	<u>59</u>	<u>1,785,080</u>	<u>(867,920)</u>
Expenditures					
Postage	4,000	1,168	-	1,168	2,832
Supplies and Materials	1,650	1,309	-	1,309	341
Contracted Services	371,296	238,951	-	238,951	132,345
Capital Outlay	2,162,000	1,889,267	-	1,889,267	272,733
Bond Interest	-	3,936	-	3,936	(3,936)
Interest During Construction	140,000	90,076	-	90,076	49,924
Contingency	92,804	2,550	-	2,550	90,254
Total Expenditures	<u>2,771,750</u>	<u>2,227,257</u>	<u>-</u>	<u>2,227,257</u>	<u>544,493</u>
Revenues over (under) expenditures	<u>(118,750)</u>	<u>(442,236)</u>	<u>59</u>	<u>(442,177)</u>	<u>(323,427)</u>
Other financing sources (uses):					
Bond Principal	-	-	-	-	-
Transfer from (to):					
Rocky Point Water & Sewer	118,750	90,850	-	90,850	(27,900)
Total Other Financing Sources (uses)	<u>118,750</u>	<u>90,850</u>	<u>-</u>	<u>90,850</u>	<u>(27,900)</u>
Revenues and other financing sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ (351,386)</u>	<u>\$ 59</u>	<u>\$ (351,327)</u>	<u>\$ (351,327)</u>

Pender County, North Carolina
Rocky Point Water Fund - Phase V Capital Project Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2013

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues					
USDA RD Loan	\$ 10,625,000	\$ 10,625,000	\$ -	\$ 10,625,000	\$ -
Premium on Debt Issued	-	14,944	-	14,944	14,944
Investment Income	95,374	548,841	408	549,249	453,875
Total Revenues	<u>10,720,374</u>	<u>11,188,785</u>	<u>408</u>	<u>11,189,193</u>	<u>468,819</u>
Expenditures					
Capital Outlay	9,101,391	8,309,033	27,549	8,336,582	764,809
Contracted Services	602,561	604,933	-	604,933	(2,372)
Bond Interest	-	202,510	-	202,510	(202,510)
Interest During Constuction	667,678	718,039	-	718,039	(50,361)
Reserve for Arbitage	252,870	94,895	-	94,895	157,975
Contingency	95,874	6,550	-	6,550	89,324
Total Expenditures	<u>10,720,374</u>	<u>9,935,960</u>	<u>27,549</u>	<u>9,963,509</u>	<u>756,865</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 1,252,825</u>	<u>\$ (27,141)</u>	<u>\$ 1,225,684</u>	<u>\$ 1,225,684</u>

Pender County, North Carolina
Water Treatment Plant Operating Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water Fees	\$ 926,523	\$ 415,213	\$ (511,310)
Connection Fees	-	-	-
Other Fees	-	-	-
Total Operating Revenues	<u>926,523</u>	<u>415,213</u>	<u>(511,310)</u>
Expenditures			
Salaries and Employee Benefits	384,949	323,813	61,136
Contract Services	65,000	61,106	3,894
Other Operating Expenditures	341,574	206,500	135,074
Capital Outlay	70,000	77,073	(7,073)
Debt Service:			
Principal	65,000	90,528	(25,528)
Interest	-	15,854	(15,854)
Total	<u>926,523</u>	<u>774,874</u>	<u>151,649</u>
Revenues over (under) expenditures	<u>-</u>	<u>(359,661)</u>	<u>(359,661)</u>
Other financing sources (uses):			
Operating Transfers From:			
General Fund	-	-	-
Fund Balance Appropriated	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures and other uses	<u>\$ -</u>	<u>\$ (359,661)</u>	<u>\$ (359,661)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ (359,661)</u>	
Reconciling items:			
Long Term Debt Repayments		90,528	
OPEB Expense		(15,221)	
Capital Outlay		77,073	
Depreciation Expense		(13,033)	
Investment Income (Exhibit E-5a)		2,583	
Capital contributions (Exhibit E-5a)		<u>3,061,972</u>	
Total reconciling items		<u>3,203,902</u>	
Change in net position		<u>\$ 2,844,241</u>	

Pender County, North Carolina
Water Treatment Plant Capital Project Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2013

	Project Authorization	Actual			Total to Date	Variance Positive (Negative)
		Prior Years	Current Year	Completed Project		
Revenues						
Investment Income	\$ 4,100	\$ 47,127	\$ 2,583	\$ -	\$ 49,710	\$ 45,610
USDA RD Grant	7,594,000	4,188,948	3,061,972	-	7,250,920	(343,080)
Sales Tax Refund	215,009	-	-	-	-	(215,009)
Total Revenues	<u>7,813,109</u>	<u>4,236,075</u>	<u>3,064,555</u>	<u>-</u>	<u>7,300,630</u>	<u>(512,479)</u>
Expenditures						
Contracted Services	2,664,079	2,210,450	566,298	-	2,776,748	(112,669)
Capital Outlay	28,756,000	26,656,361	2,664,399	-	29,320,760	(564,760)
Water Treatment Plant	4,125,455	130,684	33,925	-	164,609	3,960,846
Reserve for Arbitrage	4,100	2,600	335	-	2,935	1,165
Interest During Construction	1,541,686	222,202	521,364	-	743,566	798,120
Total Expenditures	<u>37,091,320</u>	<u>29,222,297</u>	<u>3,786,321</u>	<u>-</u>	<u>33,008,618</u>	<u>4,082,702</u>
Revenues over (under) expenditures	<u>(29,278,211)</u>	<u>(24,986,222)</u>	<u>(721,766)</u>	<u>-</u>	<u>(25,707,988)</u>	<u>3,570,223</u>
Other financing sources (uses):						
USDA - RD Loan	17,500,000	17,500,000	-	-	17,500,000	-
USDA - RD Revenue Bond	4,955,000	4,955,000	-	-	4,955,000	-
Contribution From Capacity Fee	502,000	-	-	-	-	(502,000)
Loan from General Fund	6,321,211	1,177,624	-	-	1,177,624	(5,143,587)
Total other financing sources	<u>29,278,211</u>	<u>23,632,624</u>	<u>-</u>	<u>-</u>	<u>23,632,624</u>	<u>(5,645,587)</u>
Revenues and other financing sources over (under) expenditures and other Financing Uses	<u>\$ -</u>	<u>\$ (1,353,598)</u>	<u>\$ (721,766)</u>	<u>\$ -</u>	<u>\$ (2,075,364)</u>	<u>\$ (2,075,364)</u>

Pender County, North Carolina
Maple Hill Water Operating Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water Fees	\$ 138,000	\$ 141,288	\$ 3,288
Sewer Fees	73,369	29,655	(43,714)
Connection Fees	-	-	-
Other Fees	2,100	2,475	375
Total Operating Revenues	<u>213,469</u>	<u>173,418</u>	<u>(40,051)</u>
Expenditures			
Water			
Salaries and Employee Benefits	47,775	47,237	538
Contract Services	12,795	11,738	1,057
Water Purchases	43,000	36,217	6,783
Other Operating Expenditures	14,530	17,030	(2,500)
Debt Service:			
Principal	7,000	15,000	(8,000)
Bond issuance cost	-	2,985	(2,985)
Interest	15,000	5,037	9,963
Total	<u>140,100</u>	<u>135,244</u>	<u>4,856</u>
Sewer			
Salaries and Employee Benefits	26,717	19,858	6,859
Contract Services	4,000	4,540	(540)
Other Operating Expenditures	42,652	38,725	3,927
Total	<u>73,369</u>	<u>63,123</u>	<u>10,246</u>
Revenues over (under) expenditures	<u>-</u>	<u>(24,949)</u>	<u>(24,949)</u>
Other financing sources (uses):			
Operating Transfers From:			
General Fund	-	-	-
Refunding bonds issued	-	220,000	220,000
Premium	-	25,026	25,026
Payment to bond holders	-	(235,500)	(235,500)
Fund Balance Appropriated	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>9,526</u>	<u>9,526</u>
Revenues and other financing sources over expenditures and other uses	<u>\$ -</u>	<u>\$ (15,423)</u>	<u>\$ (15,423)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other financing sources over expenditures and other uses		<u>\$ (15,423)</u>	
Reconciling items:			
Refunding bonds issued		(220,000)	
Premium		(25,026)	
Payment to bond holders		235,500	
Long Term Debt Repayments		15,000	
OPEB Expense		(3,164)	
Depreciation Expense		(29,609)	
Amortized Bond Premium		783	
Connection fees (Exhibit E-6a)		-	
Capital contributions (Exhibit E-6a)		<u>1,474,727</u>	
Total reconciling items		<u>1,448,211</u>	
Change in net position		<u>\$ 1,432,788</u>	

Pender County, North Carolina
Maple Hill Sewer Capital Project
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2013

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Connection Fees	\$ 42,750	\$ 42,659	\$ -	\$ 42,659	\$ (91)
Cape Fear RC&D Match	2,000	2,000	-	2,000	-
NC Rural Center Grant	2,774,614	2,594,759	298,421	2,893,180	118,566
Clean Water Trust Fund	1,463,000	286,694	1,176,306	1,463,000	-
Total revenues	<u>4,282,364</u>	<u>2,926,112</u>	<u>1,474,727</u>	<u>4,400,839</u>	<u>118,475</u>
Expenditures					
Supplies / Sampling	77,811	57,867	-	57,867	19,944
Contracted Services	419,864	460,427	63,582	524,009	(104,145)
Capital Outlay	3,589,689	3,477,759	138,851	3,616,610	(26,921)
Contingency	195,000	66,303	162,179	228,482	(33,482)
Total Expenditures	<u>4,282,364</u>	<u>4,062,356</u>	<u>364,612</u>	<u>4,426,968</u>	<u>(144,604)</u>
Revenues over (under) expenditures	<u>-</u>	<u>(1,136,244)</u>	<u>1,110,115</u>	<u>(26,129)</u>	<u>(26,129)</u>
Other financing sources:					
Transfer - General Fund	-	-	-	-	-
Fund Balance Appropriated	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (1,136,244)</u>	<u>\$ 1,110,115</u>	<u>\$ (26,129)</u>	<u>\$ (26,129)</u>

Pender County, North Carolina
St. Helena Wastewater Capital Project
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2013

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues					
Connection Fees	\$ 193,000	\$ -	\$ -	\$ -	\$ (193,000)
USDA RD Loan	432,386	-	-	-	(432,386)
NC Rural Center Grant	2,774,614	-	-	-	(2,774,614)
Total revenues	<u>3,400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,400,000)</u>
Expenditures					
Contract Services - Attorney	15,000	-	-	-	15,000
Contract Services - Administration	15,000	-	-	-	15,000
Contract Services - Engineers	210,000	126,900	-	126,900	83,100
Contract Services - Inspections	95,000	-	-	-	95,000
Impact Fees	112,500	-	-	-	112,500
Capital Outlay - Land	15,500	-	-	-	15,500
Capital Outlay/C&D	2,670,000	-	-	-	2,670,000
Contingency	267,000	-	-	-	267,000
Total Expenditures	<u>3,400,000</u>	<u>126,900</u>	<u>-</u>	<u>126,900</u>	<u>3,273,100</u>
Revenues under expenditures	<u>-</u>	<u>(126,900)</u>	<u>-</u>	<u>(126,900)</u>	<u>(126,900)</u>
Other financing sources:					
Transfer from (to):					
Waste Water Treatment Plant	-	126,900	-	126,900	126,900
Fund Balance Appropriated	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>126,900</u>	<u>-</u>	<u>126,900</u>	<u>126,900</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Pender County, North Carolina
Sewer Operating Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Del Lab Fees	\$ -	\$ -	\$ -
Other	-	-	-
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Sewer Operations	-	20	(20)
Total Expenditures	<u>-</u>	<u>20</u>	<u>(20)</u>
Revenues over (under) expenditures	<u>-</u>	<u>(20)</u>	<u>(20)</u>
Other financing sources (uses):			
Operating Transfers From:			
General Fund	-	-	-
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures and other uses	<u>\$ -</u>	<u>\$ (20)</u>	<u>\$ (20)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ (20)</u>	
Reconciling items:			
Depreciation Expense		(6,283)	
Water and Wastewater Capacity Fees (Exhibit E-7a)		803,640	
Reserves (Exhibit E-7a)		<u>(12,500)</u>	
Total reconciling items		<u>784,857</u>	
Change in net position		<u>\$ 784,837</u>	

Pender County, North Carolina
Water / WasteWater Capacity Fees
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues			
Water Capacity Fees	\$ 57,600	\$ 703,140	\$ 645,540
Wastewater Capacity Fees	100,000	100,500	500
Interest	-	-	-
Total revenues	<u>157,600</u>	<u>803,640</u>	<u>646,040</u>
Expenditures			
Capital Outlay	-	-	-
Reserves	<u>157,600</u>	<u>12,500</u>	<u>145,100</u>
Total Expenditures	<u>157,600</u>	<u>12,500</u>	<u>145,100</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 791,140</u>	<u>\$ 791,140</u>

Pender County, North Carolina
Section 8 Administration Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Nonoperating revenues			
Investment earnings	\$ 19	\$ 44	\$ 25
Other Revenue	28,664	68,898	40,234
Fraud recovery	2,300	5,416	3,116
Total Revenues	<u>30,983</u>	<u>74,358</u>	<u>43,375</u>
Expenditures			
Salaries and Benefits	115,623	114,998	625
Housing Assistance Payments	1,071,408	1,105,263	(33,855)
Other Operating Expenditures	22,200	18,852	3,348
Capital Outlay	-	-	-
Total Expenditures	<u>1,209,231</u>	<u>1,239,113</u>	<u>(29,882)</u>
Revenues over (under) expenditures	<u>(1,178,248)</u>	<u>(1,164,755)</u>	<u>13,493</u>
Other financing sources (uses):			
Operating Subsidy - HUD	1,178,248	1,102,803	(75,445)
Fund Balance Appropriated	-	-	-
	<u>1,178,248</u>	<u>1,102,803</u>	<u>(75,445)</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (61,952)</u>	<u>\$ (61,952)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ (61,952)</u>	
Reconciling items:			
OPEB Expense		(5,520)	
Depreciation Expense		(4,061)	
Capital Outlay		-	
Change in net position		<u>\$ (71,533)</u>	

Pender County, North Carolina
Country Court Apartments Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Operating Revenues:			
Dwelling Rental	\$ 51,072	\$ 42,657	\$ (8,415)
Miscellaneous	160	40	(120)
Total Operating Revenues	<u>51,232</u>	<u>42,697</u>	<u>(8,535)</u>
Nonoperating Revenues:			
Interest Income	100	56	(44)
Total Nonoperating Revenues	<u>100</u>	<u>56</u>	<u>(44)</u>
Expenditures			
Administration and Tenant Services	25,698	27,772	(2,074)
Contracted Services	17,798	18,205	(407)
FMHA Debt Service Payments	7,836	7,836	-
Total Expenditures	<u>51,332</u>	<u>53,813</u>	<u>(2,481)</u>
Revenues over (under) expenditures	<u>-</u>	<u>(11,060)</u>	<u>(11,060)</u>
Other financing sources (uses):			
Transfers from (to):			
Country Court Reserve	-	-	-
Country Court	-	-	-
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (11,060)</u>	<u>\$ (11,060)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ (11,060)</u>	
Reconciling items:			
Mortgage Principal Payment		6,514	
Depreciation Expense		<u>(7,710)</u>	
Total reconciling items		<u>(1,196)</u>	
Change in net position		<u>\$ (12,256)</u>	

Pender County, North Carolina
Scotts Hill Water & Sewer District Operating Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water Fees	\$ 225,000	\$ 235,200	\$ 10,200
Connection Fees	-	1,700	1,700
Other Fees	2,000	3,850	1,850
Total Operating Revenues	<u>227,000</u>	<u>240,750</u>	<u>13,750</u>
Expenditures			
Salaries and Employee Benefits	35,917	20,546	15,371
Contract Services	11,319	225	11,094
Water Purchases	156,000	18,696	137,304
Other Operating Expenditures	23,764	12,157	11,607
Capital Outlay	-	-	-
Debt Service:			
Principal	-	55,000	(55,000)
Bond Issuance Cost	-	34,944	(34,944)
Interest	-	77,224	(77,224)
Total Expenditures	<u>227,000</u>	<u>218,792</u>	<u>8,208</u>
Revenues over (under) expenditures	<u>-</u>	<u>21,958</u>	<u>21,958</u>
Other financing sources (uses):			
Operating Transfers From:			
General Fund	-	-	-
Refunding bonds issued	-	2,575,000	2,575,000
Premium	-	209,242	209,242
Payment to bond holders	-	(2,711,000)	(2,711,000)
Fund Balance Appropriated	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>73,242</u>	<u>73,242</u>
Revenues over expenditures and other uses	<u>\$ -</u>	<u>\$ 95,200</u>	<u>\$ 95,200</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		<u>\$ 95,200</u>	
Reconciling items:			
Refunding bonds issued		(2,575,000)	
Premium		(209,242)	
Payment to bond holders		2,711,000	
Long Term Debt Repayments		55,000	
OPEB Expense		(924)	
Depreciation Expense		(24,900)	
Capital Outlay		-	
Amortized Bond Premium		6,539	
Connection fees (Exhibit E-10a)		-	
Investment Income (Exhibit E-10a)		1,644	
Total reconciling items		<u>(35,883)</u>	
Change in net position		<u>\$ 59,317</u>	

Pender County, North Carolina
Scott's Hill Water & Sewer Capital Project Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2013

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
Revenues					
Connection Fees	\$ 84,000	\$ 105,560	\$ -	\$ 105,560	\$ 21,560
Investment Income	-	4,875	1,644	6,519	6,519
Total Revenues	<u>84,000</u>	<u>110,435</u>	<u>1,644</u>	<u>112,079</u>	<u>28,079</u>
Expenditures					
Administrative and Legal Fees	15,000	1,268	-	1,268	13,732
Capital Outlay	2,355,000	1,854,292	5,230	1,859,522	495,478
Contracted Services	272,000	257,298	-	257,298	14,702
Interest During Constuction	131,000	23,404	(9,319)	14,085	116,915
Contingency	227,000	1,345	127,642	128,987	98,013
Total Expenditures	<u>3,000,000</u>	<u>2,137,607</u>	<u>123,553</u>	<u>2,261,160</u>	<u>738,840</u>
Revenues over (under) expenditures	<u>(2,916,000)</u>	<u>(2,027,172)</u>	<u>(121,909)</u>	<u>(2,149,081)</u>	<u>766,919</u>
Other financing sources (uses):					
USDA Rural Development Loan	<u>2,916,000</u>	<u>2,711,000</u>	<u>-</u>	<u>2,711,000</u>	<u>205,000</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 683,828</u>	<u>\$ (121,909)</u>	<u>\$ 561,919</u>	<u>561,919</u>

Pender County, North Carolina
Waste Water Treatment Plant Operating Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Wastewater Fees	\$ -	\$ -	\$ -
Connection Fees	-	-	-
Other Fees	-	-	-
Total Operating Revenues	-	-	-
Expenditures			
Salaries and Employee Benefits	-	-	-
Contract Services	-	-	-
Other Operating Expenditures	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total	-	-	-
Revenues over (under) expenditures	-	-	-
Other financing sources (uses):			
Operating Transfers From:			
Project Fund	-	-	-
Fund Balance Appropriated	-	-	-
Total other financing sources (uses)	-	-	-
Revenues over expenditures and other uses	\$ -	\$ -	\$ -
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures and other uses		\$ -	
Reconciling items:			
Long Term Debt Repayments		-	
OPEB Expense		-	
Capital Outlay		-	
Depreciation Expense		(302,421)	
Investment Income (Exhibit E-11a)		-	
Capital contributions (Exhibit E-11a)		-	
Transfers (Exhibit E-11b)		-	
Total reconciling items		(302,421)	
Change in net position		\$ (302,421)	

Pender County, North Carolina
Waste Water Treatment Plant Capital Project Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2013

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
Revenues					
Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-	-
Expenditures					
Contracted Services	192,510	49,000	-	49,000	143,510
Burgaw Sewer Project	2,005,440	2,005,440	-	2,005,440	-
Wastewater Treatment Plant	1,001,073	383,346	10,619	393,965	607,108
Capital Outlay	-	331,587	-	331,587	(331,587)
Total Expenditures	3,199,023	2,769,373	10,619	2,779,992	419,031
Revenues over (under) expenditures	(3,199,023)	(2,769,373)	(10,619)	(2,779,992)	(419,031)
Other financing sources (uses):					
Transfer to Cap Imp Fund	(905,440)	(126,900)	-	(126,900)	778,540
Loan from General Fund	4,104,463	2,893,239	-	2,893,239	(1,211,224)
Total other financing sources	3,199,023	2,766,339	-	2,766,339	(432,684)
Revenues and other financing sources over expenditures	\$ -	\$ (3,034)	\$ (10,619)	\$ (13,653)	\$ (13,653)

Pender County, North Carolina
Self Insured Internal Service Fund
Schedule of Revenues and Expenditures
Financial Plan and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2013

	Financial Plan	Actual	Variance Favorable (Unfavorable)
Revenues			
Operating Revenues			
Premiums Received	\$ 3,148,000	\$ 3,336,767	\$ 188,767
Total Operating Revenues	<u>3,148,000</u>	<u>3,336,767</u>	<u>188,767</u>
Nonoperating Revenues			
Interest on Investments	-	-	-
Total Nonoperating Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>\$ 3,148,000</u>	<u>\$ 3,336,767</u>	<u>\$ 188,767</u>
Expenditures			
Claims	\$ 3,523,000	\$ 3,833,175	\$ (310,175)
Total Expenditures	<u>\$ 3,523,000</u>	<u>\$ 3,833,175</u>	<u>\$ (310,175)</u>
Revenues over (under) expenditures	<u>\$ (375,000)</u>	<u>\$ (496,408)</u>	<u>\$ (121,408)</u>
Other financing sources (uses):			
Fund Balance Appropriated	\$ -	\$ -	\$ -
Transfer from General Fund	375,000	375,000	-
Total Other Financing Sources	<u>\$ 375,000</u>	<u>\$ 375,000</u>	<u>\$ -</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (121,408)</u>	<u>\$ (121,408)</u>
Reconciliation from Financial Plan basis (modified accrual) to full accrual:			
Revenues and Other Sources Over (Under) Expenditures and Other Uses		\$ (121,408)	
Reconciling items:			
Capital Outlay		-	
Total Reconciling Items		<u>-</u>	
Change in net position		<u>\$ (121,408)</u>	

AGENCY FUNDS

Agency funds are used to account for assets the County holds on behalf of others.

Pender County, North Carolina
 Agency Funds
 Combining Balance Sheet
 June 30, 2013

	Agency							Totals
	Tax Clearing Fund	Four H Fund	Extension Education	Sea Oats Travel	Pesticide Recycling Grant	Tourism Development Authority	DMV 3% Collections	
Assets								
Cash and cash equivalents	\$ -	\$ 1,354	\$ 13,768	\$ 313	\$ 1,558	\$ 32,978	\$ 2,950	\$ 52,921
Liabilities and Fund Balances								
Liabilities:								
Miscellaneous liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental payable	-	1,354	13,768	313	1,558	32,978	2,950	52,921
Total liabilities	\$ -	\$ 1,354	\$ 13,768	\$ 313	\$ 1,558	\$ 32,978	\$ 2,950	\$ 52,921

Pender County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Tax Clearing Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Liabilities:				
Intergovernmental payable	\$ -	\$ -	\$ -	\$ -
Four H Fund:				
Assets:				
Cash and cash equivalents	\$ 1,354	\$ -	\$ -	\$ 1,354
Liabilities:				
Intergovernmental payable	\$ 1,354	\$ -	\$ -	\$ 1,354
Extension Education:				
Assets:				
Cash and cash equivalents	\$ 14,609	\$ 1,673	\$ 2,514	\$ 13,768
Liabilities:				
Intergovernmental payable	\$ 14,609	\$ 2,514	\$ 1,673	\$ 13,768
Sea Oats Travel:				
Assets:				
Cash and cash equivalents	\$ 313	\$ -	\$ -	\$ 313
Liabilities:				
Intergovernmental payable	\$ 313	\$ -	\$ -	\$ 313
Pesticide Recycling Grant:				
Assets:				
Cash and cash equivalents	\$ 1,558	\$ -	\$ -	\$ 1,558
Liabilities:				
Intergovernmental payable	\$ 1,558	\$ -	\$ -	\$ 1,558
Tourism Development Authority:				
Assets:				
Cash and cash equivalents	\$ 20,448	\$ 32,118	\$ 19,588	\$ 32,978
Liabilities:				
Intergovernmental payable	\$ 20,448	\$ 19,588	\$ 32,118	\$ 32,978
DMV 3% Collections:				
Assets:				
Cash and cash equivalents	\$ 1,862	\$ 27,253	\$ 26,165	\$ 2,950
Liabilities:				
Intergovernmental payable	\$ 1,862	\$ 26,165	\$ 27,253	\$ 2,950
Total - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 40,144	\$ 61,044	\$ 48,267	\$ 52,921
Liabilities:				
Intergovernmental payable	\$ 40,144	\$ 48,267	\$ 61,044	\$ 52,921

OTHER SCHEDULES

This section includes additional information on property taxes.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy
- Ten Largest Taxpayers

Pender County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2013

Exhibit G-1

Year	Uncollected Balance June 30, 2012	Additions	Collections And Credits	Uncollected Balance June 30, 2013
2012-13	\$ -	\$ 32,691,499	\$ 31,548,736	\$ 1,142,763
2011-12	1,508,547	-	929,105	579,442
2010-11	533,440	-	224,312	309,128
2009-10	279,339	-	123,620	155,719
2008-09	183,015	-	57,368	125,647
2007-08	122,970	-	12,512	110,458
2006-07	164,971	-	9,072	155,899
2005-06	73,704	-	5,312	68,392
2004-05	79,309	-	6,165	73,144
2003-04	60,435	-	3,992	56,443
2002-03	61,614	-	61,614	-
Totals	\$ 3,067,344	\$ 32,691,499	\$ 32,981,808	\$ 2,777,035
Less: allowance for uncollectible accounts:				
General Fund				884,685
Ad valorem taxes receivable - net:				
General Fund				\$ 1,892,350
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				\$ 33,018,776
Reconciling items:				
Penalties and Interest				(373,594)
Discounts, Releases, Refunds				336,626
Total Collections and Credits				\$ 32,981,808

Pender County, North Carolina
Analysis of Current Tax Levy
County - Wide Levy
For the Fiscal Year Ended June 30, 2013

Exhibit G-2

	County - wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 6,341,391,993	0.512	\$ 32,686,269	\$ 30,313,797	\$ 2,372,472
Penalties	-		-	-	-
Total	<u>\$ 6,341,391,993</u>		<u>\$ 32,686,269</u>	<u>\$ 30,313,797</u>	<u>\$ 2,372,472</u>
Discoveries:					
Current year taxes	\$ 24,964,649	0.512	\$ 127,819	\$ 113,384	\$ 14,435
Penalties	-		-	-	-
Total	<u>\$ 24,964,649</u>		<u>\$ 127,819</u>	<u>\$ 113,384</u>	<u>\$ 14,435</u>
Abatements					
Current year taxes	\$ (23,556,055)		\$ (122,589)	\$ (82,966)	\$ (39,623)
Penalties	-		-	-	-
Total	<u>\$ (23,556,055)</u>		<u>\$ (122,589)</u>	<u>\$ (82,966)</u>	<u>\$ (39,623)</u>
Total For Year	<u>\$ 6,342,800,587</u>		<u>\$ 32,691,499</u>	<u>\$ 30,344,215</u>	<u>\$ 2,347,284</u>
Net levy			32,691,499	30,344,215	2,347,284
Less Uncollected taxes at June 30, 2013			<u>1,142,763</u>	<u>673,936</u>	<u>468,827</u>
Current year's taxes collected			<u>\$ 31,548,736</u>	<u>\$ 29,670,279</u>	<u>\$ 1,878,457</u>
Current levy collection percentage			<u>96.50%</u>	<u>97.78%</u>	<u>80.03%</u>

Pender County, North Carolina
Analysis of Current Tax Levy
County - wide Levy
For the Fiscal Year Ended June 30, 2013

Secondary Market Disclosures:

Assessed Valuation

Assessment Ratio		100 %
Real Property	\$	5,891,206,869
Personal Property		184,787,244
Public Service Companies		<u>112,155,528</u>
Total Assessed Valuation	\$	6,188,149,641
Tax Rate per \$100		<u>0.512</u>
Levy (includes discoveries, releases and abatements)	\$	<u><u>30,423,733</u></u>

Pender County, North Carolina
Ten Largest Taxpayers
June 30, 2013

<u>Taxpayers</u>	<u>Type of Business</u>	<u>2012 Assessed</u> <u>Valuation</u>	<u>% of Total</u> <u>Valuation</u>
Red Mountain Timber Co I, LLC	Timber Production	\$ 51,095,728	0.83%
Progress Energy Carolinas (Duke Energy)	Utilites	38,241,580	0.62%
Four County EMC	Utilites	33,929,526	0.55%
LL Building Products	Communications	17,562,085	0.28%
Piedmont Natural Gas	Manufacturing	13,947,995	0.23%
Bellsouth Telephone	Utilites	13,170,762	0.21%
Weingarten Investments	Timber Production	11,637,418	0.19%
TC & I Timber Co, LLC	Real Estate Holdings	10,937,444	0.18%
Batts Properties, Inc.	Real Estate Holdings	10,884,926	0.18%
Jones Onslow EMC	Retail	10,723,880	0.17%
Totals		\$ <u>212,131,344</u>	<u>3.43%</u>

COMPLIANCE SECTION



Report On Internal Control Over Financial Reporting And On Compliance and
Other Matters Based On An Audit Of Financial Statements Performed In Accordance With
Government Auditing Standards

Independent Auditors' Report

To the Board of County Commissioners
Pender County
Burgaw, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Pender County, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprises Pender County's basic financial statements, and have issued our report thereon dated July 18, 2014. Our report includes a reference to other auditors who audited the financial statements of the Pender County ABC Board, as described in our report on Pender County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Pender County ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pender County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pender County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses [13-01, 13-02].

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. All findings were noted as material weaknesses.

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA Division of Firms

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Pender's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Pender County's Response to Findings

Pender County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
July 18, 2014



Report On Compliance With Requirements Applicable To Each Major Federal
Program And Internal Control Over Compliance In Accordance With OMB
Circular A-133 and the State Single Audit Implementation Act

Independent Auditors' Report

To the Board of County Commissioners
Pender County
Burgaw, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Pender County, North Carolina's, compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Pender County's major federal programs for the year ended June 30, 2013. Pender County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Pender County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pender County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Pender County's compliance.

Opinion on Each Major Federal Program

In our opinion, Pender County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Pender County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pender County's internal control over compliance with the types of requirements that could have a direct and material effect on major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with type of compliance requirement of a federal program that is less severe than material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
July 18, 2014



Report On Compliance With Requirements Applicable To Each Major State Program And Internal Control Over Compliance In Accordance With Applicable Sections OMB Circular A-133 and the State Single Audit Implementation Act

Independent Auditors' Report

To the Board of County Commissioners
Pender County
Burgaw, North Carolina

Report on Compliance for Each Major State Program

We have audited the Pender County, North Carolina's, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Pender County major state programs for the year ended June 30, 2013. Pender County's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Pender County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Pender County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Pender County's compliance.

Opinion on Each Major State Program

In our opinion, Pender County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Pender County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pender County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
July 18, 2014

PENDER COUNTY, NORTH CAROLINA
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2013

Section I. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material Weakness(es) identified? yes no
- Significant Deficiency(s) identified that are not considered to be material weaknesses yes none reported
- Noncompliance material to financial statements noted yes no

Federal Awards

Internal control over major federal programs:

- Material Weakness(es) identified? yes no
- Significant Deficiency(s) identified that are not considered to be material weaknesses yes none reported
- Noncompliance material to federal awards yes no

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 yes no

Identification of major federal programs:

<u>CFDA #</u>	<u>Program Name</u>
93.778	Title XIX Medicaid
	Subsidized Child Care Cluster:
93.575	Child Care and Development Fund - Discretionary
93.596	Child Care and Development Fund - Mandatory
93.667	Match Social Services Block Grant
93.558	Temporary Assistance for Needy Families (TANF)

Federal programs that met the criteria for a major program using the criteria discussed in OMB Circular No. A-133 Section .520 and the State Single Audit Act are included in the list of major federal programs.

Dollar threshold used to distinguish between Type A and Type B Programs \$ 1,560,200

Auditee qualified as low-risk auditee? yes no

PENDER COUNTY, NORTH CAROLINA
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2013

State Awards

Internal control over major State programs:

- Material Weakness(es) identified? ___yes X no
- Significant Deficiency(s) identified that are
 not considered to be material weaknesses ___yes X none reported
- Noncompliance material to State awards ___yes X no

Type of auditor's report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act ___yes X no

Identification of major State programs:

Program Name
 Subsidized Child Care Cluster
 SC/SA Domiciliary Care

Section II. Financial Statement Findings

Finding 13-01 Reconciliation of Records

MATERIAL WEAKNESS

Criteria: Finance Office should prepare timely reconciliations of records.

Condition: In reviewing bank reconciliations and other subsidiary ledger reconciliations, it was noted that reconciliations were not prepared at all by the finance staff. An outside accounting firm had to be consulted to assist with the reconciliation of the County's records.

Effect: This indicates that management may have not had accurate information to base decisions on in conducting business for the County.

Cause: The finance officer failed to perform his duties. His assumption was that it was being prepared by other staff members and he did not follow up on his duties.

Recommendation: The finance office should make sure that timely reconciliations are being prepared for all finance functions so that management has accurate information to rely on in making decisions for the County. The Board should be requesting periodic information to ensure that these procedures are being done.

Views of responsible officials and planned corrective actions: The County agrees with this finding. Efforts will be made to properly train employees and make sure that qualified staff is in position to ensure that accurate financial information is presented.

PENDER COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Finding 13-02 Budgetary Violations

MATERIAL WEAKNESS

Criteria: Finance Office should review financial information and propose and record proper budget amendments.

Condition: In reviewing budget to actual reports, it was noted that several budget amendments were approved by the Board, but were never recorded. In addition, transfers were budgeted but not recorded. These transfers were necessary because other funds had deficits. A significant number of the special revenue funds have carried forward balances for several years. These funds were closed out, but there was not budget authorized for those transfers.

Effect: This indicates that management may have not had accurate information to base decisions on in conducting business for the County.

Cause: The finance officer did not reconcile and review the records, which would have indicated that there were budget amendments that were not posted, or that there were additional budget amendments needed

Recommendation: The finance office should make sure that timely reconciliations are being prepared for all finance functions so that management has accurate information to rely on in making decisions for the County. In addition, each department should be reviewing their financial information each month to make sure that the information on the ledger agrees with the activity conducted by their respective departments

Views of responsible officials and planned corrective actions: The County agrees with this finding. Efforts will be made to ensure timely reconciliations in the future.

Section III. Federal Award Findings and Questioned Costs

None Reported.

Section IV. State Award Findings and Questioned Costs

None Reported.

PENDER COUNTY, NORTH CAROLINA
Corrective Action Plan
For the Year Ended June 30, 2013

Section II - Financial Statement Findings

Finding 13-01 Reconciliation of Records

Name of contact person: Claiburn "Butch" Watson, Finance Officer

Corrective Action: Responsible officials will oversee the financial reporting process and ensure that adequate training is provided to personnel in order to prepare timely financial reports for management use.

Proposed Completion Date: Immediately

Finding 13-02 Budgetary Violations

Name of contact person: Claiburn "Butch" Watson, Finance Officer

Corrective Action: Responsible officials will oversee the financial reporting process and ensure that adequate training is provided to personnel in order to prepare timely financial reports for management use.

Proposed Completion Date: Immediately

Section III - Federal Award Findings and Question Costs

None Reported

Section IV - State Award Findings and Question Costs

None Reported

PENDER COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2013

Finding: 12-01 Reconciliation of Records

Status: The finding is repeated as 13-01

Finding: 12-02 Crosscutting (Day Sheet Testing)

Status: Corrected

Finding: 12-03 NC Health Choice (Eligibility)

Status: Corrected

Finding: 12-04 Medicaid (Eligibility)

Status: Corrected

Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2013

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed (Direct & Pass-through Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
Federal Awards:					
U.S. Department of Agriculture					
Passed-through N.C. Dept of Health and Human Services:					
Division of Social Services:					
Administration:					
Supplemental Nutrition Assist Program Cluster					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 352,888	\$ -	\$ 352,888
Fraud	10.561		25,314	-	25,314
Supplemental Nutrition Assist Program Cluster			<u>\$ 378,202</u>	<u>\$ -</u>	<u>\$ 378,202</u>
Passed-through N.C. Dept of Health and Human Services:					
Division of Public Health					
Special Supplemental Nutrition Program for Women, Infants and Children					
	10.557		\$ 248,019	\$ -	\$ -
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants and Children					
	10.557		706,376	-	-
Rural Utilities Service					
Water and Waste Disposal Systems for Rural Communities	10.760		\$ 3,061,972	\$ -	\$ -
Total			<u>\$ 3,061,972</u>	<u>\$ -</u>	<u>\$ -</u>
Total U.S. Dept. of Agriculture			<u>\$ 4,394,569</u>	<u>\$ -</u>	<u>\$ 378,202</u>
U.S. Dept. of Health and Human Services					
Passed-through N.C. Department of Health and Human Services Division of Public Health:					
Temporary Assistance for Needy Families	93.558		\$ 3,700	\$ -	\$ -
Statewide Health Promotion	93.991		9,640	-	-
State Health Access Program	93.256		2,199	-	-
Maternal and Child Health Services Block Grant	93.994		77,052	57,795	-
Immunization	93.268		12,876	-	-
Assistance to Firefighters Grant	97.044		20,910	-	-
Comprehensive Breast and Cervical Cancer Early	93.919		7,844	5,100	-
Social Service Block Grant	93.667		-	500	-
HIV Prevention Activities Health Dept Epidemiologic Res	93.940		2,575	-	-
Prevention Investigations and Tech Asst	93.283		2,500	-	-
Public Health Emergency Preparedness	93.069		51,088	-	-
Family Planning Services	93.217		28,835	-	-
CDC - Tuberculosis	93.116		29,627	-	-

Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2013

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed (Direct & Pass-through Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
Passed-through N.C. Dept of Health and Human Services:					
Administration on Aging:					
Passed-through Cape Fear Council of Governments					
Special Programs for the Aging Title IIIB					
Access	93.044		\$ 238,945	\$ 14,175	\$ -
In Home Support Services DSS	93.044		11,875	340	-
In Home Support Services	93.667		39,508	1,138	-
Title IIIC Nutrition	93.045		149,516	8,866	-
Special Program for the Aging Title III D	93.043		3,399	-	-
NISP Congregate USDA	93.053		18,520	-	-
Family Caregiver Services	93.052		-	33,808	-
Total Aging Cluster			\$ 461,763	\$ 58,327	\$ -
Division of Social Services:					
Administration:					
Adult Care Home Case Management	93.778		\$ 11,925	\$ 5,942	\$ 5,983
Special Children Adoption	93.558		24,000	-	-
Low Income Energy Asst.	93.568		40,141	-	-
Social Services Block Grant	93.667		111,258	-	37,086
Adoption/Foster Care	N/A		52,833	26,077	73,613
State County Special Assistance	N/A		9,394	-	17,078
IV-D Administration	93.563		230,553	-	118,769
IV-D Offset Fees	93.563		1,359	-	699
Temporary Assistance for Needy Families - Adm	93.558		53,377	-	77,107
Temporary Assistance for Needy Families	93.558		387,069	-	516,403
AFDC Payment & Penalties	93.560		(169)	(46)	(46)
Direct Benefit Payments					
Temporary Assistance Needy Families	93.558		322,244	-	-
Low Income Energy Assistance	93.568		132,662	-	-
Crisis Intervention					
Low Income Energy Assistance	93.568		139,522	-	-

**Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2013**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed (Direct & Pass-through Expenditures	State Expenditures	Local Expenditures
Administration for Children and Families					
Foster Care and Adoption Cluster					
Title IV-E Foster Care - Administration	93.658		27,841	13,921	13,921
IV-E Foster Care	93.658		100,557	14,711	47,523
IV-E Foster Care Max	93.658		277	-	147
IV-E CPS	93.658		122,975	18,689	104,286
IV-E Adoption Subsidy & Vendor	93.659		192,369	50,349	50,588
Total Foster Care and Adoption			<u>444,019</u>	<u>97,670</u>	<u>216,465</u>
Permanency Planning	93.645		38,867	1,520	13,462
Independent Living Initiative	93.674		16,400	3,816	-
Total Division of Social Services			<u>\$ 2,015,454</u>	<u>\$ 134,979</u>	<u>\$ 1,076,619</u>
Subsidized Child Care					
Child Care Development Fund Cluster					
Division of Social Services					
Child Care Development Fund - Administration	93.596		\$ 80,000	\$ -	\$ -
Division of Child Development					
Child Care and Development Fund - Discretionary	93.575		490,888	-	-
Child Care and Development Fund - Mandatory	93.596		213,454	-	-
Child Care and Development Fund - Match	93.596		281,450	112,600	-
Total Child Care Fund Cluster			<u>1,065,792</u>	<u>112,600</u>	<u>-</u>
Temporary Assistance for Needy Families	93.558		289,174	-	-
ARRA - Emergency Contingency Fund for Social Services Block Grant	93.667		2,365	-	-
Foster Care Title IV-E	93.658		9,508	4,360	-
Smart Start			-	461	-
State Appropriations			-	80,117	-
TANF - MOE			-	166,506	-
Total Subsidized Child Care Cluster			<u>\$ 1,366,839</u>	<u>\$ 364,044</u>	<u>\$ -</u>
Division of Medical Assistance					
Administration					
Medical Assistance Program	93.778		\$ 739,331	\$ 12,397	\$ 726,934
NC Health Choice	93.767		57,614	2,361	15,999
Direct Benefit Payments					
Title XIX - Medicaid	93.778		39,787,091	22,214,047	-
Transportation Services					
Medical Assistance Program	93.778		92,717	27,794	40,170
Division of Medical Assistance					
In-Home Services	93.667		10,959	-	1,565
Adult Day Care	93.667		23,286	4,261	7,650
Total U.S. Dept. of Health and Human Services			<u>\$ 44,803,900</u>	<u>\$ 22,881,605</u>	<u>\$ 1,868,937</u>

Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2013

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>State/</u> <u>Pass-through</u> <u>Grantor's</u> <u>Number</u>	<u>Fed (Direct &</u> <u>Pass-through</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Local</u> <u>Expenditures</u>
U.S. Dept. of Housing and Urban Development					
Direct Program					
Lower Income Housing Assistance Program - Section 8 Housing Voucher Program	14.871		\$ 1,102,803	\$ -	\$ -
Passed-through N.C. Dept. of Economic and Community Development:					
Community Development Block Grant	14.228	11-C-2279	\$ 50,000	\$ -	\$ -
Community Development Block Grant - ER HOUSING	14.228	10-C-2157	248,067	-	-
Scattered Sites CDBG	14.228	11-C-2321	231,025	-	-
Total U.S. Dept. of Housing and Urban Development			<u>\$ 1,631,895</u>	<u>\$ -</u>	<u>\$ -</u>
Department of Environment and Natural Resources					
Clean Water State Revolving Fund	66.458		\$ 1,176,306	\$ -	\$ -
Total Department of Environment and Natural Resources			<u>\$ 1,176,306</u>	<u>\$ -</u>	<u>\$ -</u>
Total Federal Programs			<u>\$ 52,006,670</u>	<u>\$ 22,881,605</u>	<u>\$ 2,247,139</u>
State Awards:					
N.C. Dept. of Health and Human Services					
Division of Public Health					
General Health			\$ -	\$ 77,085	\$ -
Environmental Health			-	4,000	-
TB Medical Services			-	1,034	-
Healthy Communities			-	2,840	-
Mosquito Public Health Pesticide			-	7,938	-
Food & Lodging Fees			-	3,397	-
WHSF			-	9,884	-
School Nurse Funding Initiative			-	150,000	-
Communicable Diseases			-	9,999	-
Risk Reduction/Health Promotion			-	6,206	-
Tuberculosis			-	5,459	-

Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2013

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>State/</u> <u>Pass-through</u> <u>Grantor's</u> <u>Number</u>	<u>Fed (Direct &</u> <u>Pass-through</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Local</u> <u>Expenditures</u>
Division of Social Services:					
CP&L Energy Assistance			-	4,180	-
SC/SA Domiciliary Care			-	336,193	336,193
Non Allocating County Cost					434,337
County Fund Programs			-	-	1,064,395
CWS - Adoption			-	148,643	7,288
AFDC Incentive Program Integrity			-	194	-
Work First Non Reimbursable			-	-	409,007
Foster Home			-	98,786	98,785
SFHF Maximization			-	108,751	108,751
Cape Fear Council of Governments					
Division of Aging					
Senior Center General Purpose			-	23,503	-
Fans			-	1,547	-
Total N.C. Dept. of Health and Human Services			\$ -	\$ 999,639	\$ 2,458,756
N.C. Dept. of Transportation					
Elderly and Handicapped Transportation Assistance		36228.22.5.1	\$ -	\$ 72,153	\$ -
ROAP EDTAP		36235.19.1.2	-	60,497	-
Work First Transportation Non-Recipient		36235.19.2.2	-	16,430	-
Total of N.C. Dept. of Transportation			\$ -	\$ 149,080	\$ -
N.C. Dept of Administration					
Veterans Services			\$ -	\$ 1,452	\$ -
Total of N.C. Dept of Administration			\$ -	\$ 1,452	\$ -
N.C. Dept. of Environment and Natural Resources					
Division of Waste Management					
White Goods Management Program			\$ -	\$ 12,678	\$ -
Scrap Tire Program			-	64,168	-
Total of N.C. Dept. of Environment and Natural Resources			\$ -	\$ 76,846	\$ -
N.C. Dept. of Cultural Resources					
State Aid to Libraries			\$ -	\$ 98,935	\$ -
LSTA Grant			-	1,300	-
Total of N.C. Dept. of Cultural Resources			\$ -	\$ 100,235	\$ -
N.C. Department of Public Safety					
Teen Court			\$ -	\$ 19,828	\$ -
CIS After School			-	55,000	-
Counseling Service			-	48,500	-
JCPC POSITIVE ACTION			-	14,966	-
Restitution			-	59,874	-
Task Force			-	12,607	-
Total of N.C. Dept. of Public Safety			\$ -	\$ 210,775	\$ -
N.C. Rural Development Center					
Maple Hill Sewer Project		02-77-01	\$ -	\$ 298,421	\$ -
Total State Awards			\$ -	\$ 1,836,448	\$ 2,458,756
Total Federal and State Awards			\$ 52,006,670	\$ 24,718,053	\$ 4,705,895

**Pender County, North Carolina
Schedule of Expenditures of
Federal and State Awards
For The Fiscal Year Ended June 30, 2013**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed (Direct & Pass-through Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
---	------------------------------------	---	--	-------------------------------	-------------------------------

Notes to the Schedule of Expenditures of Federal and State Awards

1 Basis of Presentation

The schedule of expenditures of federal and State awards includes the federal and State grant activity of Pender County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, (Audits of States, Local Governments, and Non-Profit Organizations) and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the County's basic financial statements. However, due to the County's involvement in determining eligibility, they are considered federal awards to the County and are included on this schedule.

2 Loans Outstanding

Pender County had the following balances outstanding at June 30, 2013. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Outstanding</u>
Water and Waste Water Disposal Systems for Rural Communities	10.760	\$ 22,455,000

3 The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes:
Subsidized Child Care, Foster Care and Adoption